Austria	Sch22	Indonesia	Rp3100	Oman	Or 1
Bahrain	Din0.700	Iran	Rls160	Philipines	Pesos40
Belgium	BFr60	Israel	NIS3.50	Portugal	Esc140
Cyprus	C£0.90	Italy	L1700	Qatar	Qr8.50
Denmark	DKr10.00	Jordan	Fils500	S.Arabia	Rls7.00
Egypt	E£2.25	Kuwait	Fils500	Singapore	S$4.10
Finland	Fmk7.00	Lebanon	£250.00	Spain	Pta145
France	FFr7.00	Lux	LFr60	Sweden	SKr10
Germany	DM2.20	Malaysia	Rm4.25	Switz	SFr2.40
Greece	Dr120	Morocco	Dh8.00	Thailand	Bht50
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800
Iceland	Ikr125	Nigeria	Naira10	Turkey	L800
India	Rup15	Norway	NKr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,827 Tuesday April 25 1989 D 8523A

BRITAIN

Fighting over restructuring

Page 18

World News

EC moves to co-ordinate East bloc trade policy

EC foreign ministers suspended economic co-operation talks with Romania amid allegations of human rights abuses, but they also gave Poland the prospect of a quick and relatively generous EC trade accord. Page 20

Arms trade charges

Three Protestants from Northern Ireland and a US businessman have been charged in Paris following their arrest as they gave missile-launcher parts to a South African diplomat. Page 11

UK air security

UK Transport Secretary Paul Channon announced a major security clampdown in a bid to make Britain's airports safer. Page 20

Austrian 'disservice'

Austrian Chancellor Franz Vranitzky, said the coalition government would be "rendered a disservice" if right-winger Jörg Haider was elected a governor. Page 3

Belgium protest

Coal miners protesting over planned pit closures clashed with police. Page 2

French defence cut

Defence spending is certain to sag as a result of this year's review of the defence programme. Page 2

Iranian constitution

Ayatollah Khomeini, the Iranian leader, appointed a committee to revise the country's constitution.

Takeshita denial

Mr Noboru Takeshita, beleaguered Japanese Prime Minister, denied reports he is about to resign over the Recruit scandal. Page 4

Bush's 'good start'

President George Bush claimed to have made "a good start" in his first three months in office, as he began a four-day tour across the US. Page 6

Soviet AIDS test

Soviet Union announced that all foreigners who leave the country for more than a month must submit to an AIDS test on return.

Township violence

Renewed fighting in South African black townships near Durban left 13 dead.

Ex-president dies

Niger's first president Diori Hamani, 73, died in Morocco.

The death was also announced in the US of Dr Emilio Segre, 84, winner of a Nobel Prize for creating the antiproton, which confirmed existence of antimatter.

UK news blackout

UK television news by the BBC was disrupted by a 24-hour strike by journalists over pay. Page 11

Karajan retires

Herbert von Karajan, the 81-year-old conductor of the Berlin Philharmonic, announced his retirement. Page 18

Royal aircraft

Sweden's royal family will get a new aircraft after Queen Silvia complained their old one was too cramped for her hats, a palace spokeswoman said.

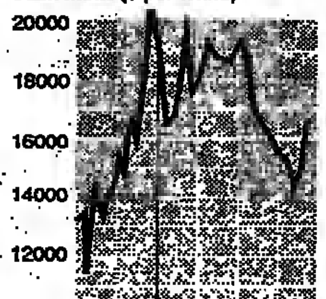
Business Summary

Roche boosts payout and restructures shareholding

Hoffmann-La Roche, the Swiss chemicals group, announced a major corporate and financial restructuring, a 33 per cent surge in 1988 net earnings and a 21 per cent rise in the shareholders' dividend. Page 21

NICKEL prices rose sharply on the London Metal Exchange yesterday after Outokumpu, be Finnish mining and metals group, declared force majeure on nickel deliveries because of an explosion at its Harjavalta smelter. Page 36

Nickel



KLEINWORT BENSON, one of the UK's leading investment banks, made 33 people redundant as part of a restructuring of gilt-edged and debt operations. Page 11

SMITHKLINE BECKMAN, US drugs group which is seeking to merge its main business with Beecham of the UK, reported a 22 per cent drop in net income. Page 21

PORTUGAL warned its EC partners that Gatt trade talks might cause "a social and economic earthquake" in its textile sector. Page 2

CANAL PLUS, the French pay television network, is to join forces with CIR of Italy to study launching pay TV in that country. Page 3

WEST GERMANY'S Cartel Office said it ruled against the planned Daimler-Benz and Messerschmitt-Bölkow-Blohm (MBB) merger because of monopoly fears. Page 3

BANK OF GREECE, the country's central bank, is expected to sound a warning on the country's rapidly rising public sector deficit. Page 2

CATHAY PACIFIC Airways, the Hong Kong airline, and Cable and Wireless (HK) are to form a joint venture company marketing the Abacus reservation system. Page 6

MINMETALS of China is refusing to reveal the price it agreed to pay for New Zealand Steel – believed to be around $245.2m. Page 25

NISSAN, the Japanese motor company, will import about $750,000 in semiconductors from Intel of the US. Page 6

SEARS, ROEBUCK, world's largest retailer, reported a 56 per cent rise in net profits to $257.7m for the first quarter of 1989. Page 24

HANNA, a US plastics company, is looking at possible acquisitions in Europe as part of its plan to double its annual sales to $2bn by 1993. Page 30

BRAZIL and China are to expand co-operation in satellite ventures with a joint project aimed at Third World customers. Page 9

COMPUTER PEOPLE, the UK computer staff agency, is continuing its expansion into the US with the purchase of Starlex. Page 31

SRI LANKA reopens talks with the IMF and the World Bank in Washington. Page 4

WORLD INDEX: Percentage changes in local currencies are introduced today covering national and regional constituents of the FT-Actuaries World Index. Page 45

Britain joins US to stop Bonn's Soviet arms talks

By Michael Cassell and David White in London and Lionel Barber in Washington

THE US and British Governments yesterday embarked on a diplomatic offensive within Nato aimed at putting pressure on West Germany to abandon its call for talks with the Soviet Union on the reduction of short-range nuclear weapons in Europe.

In Washington, Mr James Baker, US Secretary of State, met Mr Hans-Diatrich Genscher, the West German Foreign Minister, and Mr Gerhard Stoltenberg, the Defence Minister, to spell out US opposition to the Bonn plan.

In London, it emerged that President Bush and Mrs Margaret Thatcher had had a 20-minute telephone conversation on Saturday to voice their shared concern and to agree a strategy for combating the West German stand. One of their concerns is that Bonn's approach could split the Nato countries at their summit in Brussels at the end of May.

In the US, sympathy for Chancellor Helmut Kohl's Government is mixed with alarm at the speed with which, ahead of next year's elections, he appears to be jettisoning defence policies. These include the recent decision to scrap plans to extend military conscription and the move to seek "speedy" East-West negotiations on short-range missiles, including for the first time nuclear artillery.

Mr Bush, travelling outside Washington, said he had appealed to Mr Kohl "that we keep Nato together, that we stay together". He said the Chancellor "knows my view that there must not be any unilateral fait accompli here."

Before flying to the US, Mr Genscher had said on West German radio that it was in the West's interest to negotiate on short-range weapons, where the Soviets have an advantage of between 10-1 and 14-1.

The US and the UK adamantly oppose such talks because they could lead to the elimination of all nuclear weapons in Europe, and therefore increase the threat to Western Europe from the Warsaw Pact's superior conventional forces.

There were denials at government level in London yesterday that Mr Genscher and Mr Stoltenberg were to bold talks in London on their way back from Washington, at the request of Mrs Thatcher.

The Prime Minister is in any event due to meet Mr Kohl on Snnday at his home near Oggesheim in Rhineland-Palatinate, where she will tackle their sharp differences.

Britain's annoyance with West Germany's call for "early" negotiations with the Soviets became increasingly clear yesterday. Last week, a meeting of Nato's nnclear planning group supported the case for maintaining an "entire spectrum" of nuclear weapons, although there was no explicit commitment on new weapons.

The UK Government's line is that tbere is a crucial need for tbe Nato summit to demonstrate firmness in the face of changes in Soviet strategy which have yet to be proved. The buge, remaining imbalances in favour of Soviet nnclear and cbemical stockpiles were agsin being stressed.

RHM turns tables on Australian predator with bid of £1.33bn

By Nikki Tait in London and Bruce Jacques in Sydney

RANKS Hovis McDougall, the British bakeries and food group, has launched a £1.33bn ($2.3bn) shares or cash bid for Goodman Fielder Wattie, the largest food company in Australasia, which launched an unsuccessful bid for RHM last year.

The RHM bid turns the tables on Sydney-based Goodman, which has been stalking the UK group since it acquired an initial 14.6 per cent holding from S & W Berisford in August 1986.

Goodmans highly leveraged bid last year came after it had raised its stake to 29.9 per cent and valued RHM at £1.7bn.

However, the offer was referred to the UK Monopolies and Mergers Commission and was not pursued by Goodman. The following autumn, Goodman attempted to auction its stake but found no takers.

If successful, the RHM bid would create a gronp with annual sales of some £3bn, of which some 45 per cent would come from milling and baking and another 42 per cent from consumer foods.

Goodman told shareholders not to sell their shares pending full consideration by the board, adding it was not informed of the bid in advance.

RHM staged a "dawn raid" in Sydney and by the close of trading had acquired 10.1 per cent of Goodman's shares. It said it would continue to purchase them up to a permitted 14.99 per cent limit, and is believed to have made very small additional purchases in London.

RHM claimed there were fundamental differences between its own offer and Goodman's bid last year.

"GFW's takeover bid was a cash offer which would have left Ranks shareholders with only a very limited interest in the combined business," Mr Tim Howden, RHM deputy managing director, said in Sydney.

"Our offer is a share offer, albeit with a cash alternative. Secondly, our cash offer is not debt funded, whereas theirs was highly leveraged."

The UK company also argues that the two business are complementary, and that ownership of Goodman would give RHM a bridgehead into the Asian food markets, where it currently has only a small presence.

The terms of the Ranks offer, whicb is conditional on various Australian regulatory approvals, are four RHM shares for every 11 Goodman held.

There is also an underwritten cash alternative of £1.236 (A$2.71) a share.

The RHM board says that it does not intend to increase the offers, althongh this is not technically binding. If successful, the British company plans to cancel the Goodman stake in RHM.

Morgan Grenfell, which is advising RHM, said the sub-underwriting for the cash alternative – the largest such exercise in a bid since the 1987 stock-market crash – had been substantially completed by late-afternoon. It said it had taken a small sub-underwriting postion.

The bnying pushed Goodman shares up from an opening quote of A$2.01 to $A2.55 ($1.6). RHM shares fell from 389p to 365p.

RHM, which takes in the Mr Kipling, Bisto and Saxa names as well as Hovis and Mothers Pride, made pre-tax profits of £156.6m in the year to September, on sales of around £1.6bn. It is forecasting pre-tax profits of not less than £81m ($72.5m) and earnings per share of 15.2p (13.2p) for the 26 weeks to March 4.

Goodman takes in names like Buttercnp, Meadow Lea margarine, and White Wings.

In the year to end-June it reported operating profit befoe income tax of A$268.2m (including the equity accounting of its RHM stake) on sales of over A$2.1bn.

Lex, Page 20, Bisto Kid, Page 21

RHM BID HISTORY

AUGUST 1986: Goodman Fielder acquires 14.6 per cent in RHM.

FEBRUARY 1987: RHM bids £243m in shares for Avana.

APRIL 1987: RHM raises bid and wins Avnna. Goodman buys more RHM to prevent dilution effect.

AUGUST 1987: Goodmnn incraases stake to 21 per cent.

OCTOBER 1987: Goodman increases its stake to 29.9 per cent but says it will not bid for six months.

JULY 20, 1988: Goodman launches £1.7bn bid for RHM which is rejected.

AUGUST 1988: Bid is referred to the Monopolies and Mergers Commission because of the financing structure.

SEPTEMBER 1988: Goodman abandons bid.

APRIL 1989: RHM launches bid for Goodman.

Prime Minister Zeid al-Rifai: resignation accepted

Transition government for Jordan

By Lamis Andoni in Amman

KING HUSSEIN of Jordan yesterday accepted the resignation of his Prime Minister, Mr Zeid al-Rifai, and his Cabinet, in an effort to overcome a political crisis following widespread riots against price increases imposed by the Government under an International Monetary Fund reform programme.

The King is soon expected to appoint a transitional Government with the task of supervising the first parliamentary elections since the Arab-Israeli war of 1967.

He will complete a series of wide-ranging consultations with senior Jordanians on ways of restoring public confidence in Government policies before making an appointment.

Meanwhile, Government departments will be run by their secretaries-general according to an official statement last night.

In resigning, Mr Rifai, wbo had been Prime Minister since 1985, bowed to popular pressure after thousands of demonstrators in different parts of Jordan called for his removal. King Hussein's acceptance of

Continned on Page 20

Deregulation of EC telecoms may be delayed

By William Dawkins in Brussels

PLANS to introduce greater competition into data telecommunications services in the European Community are likely to be delayed as a result of a serious row between member states and the European Commission.

Sir Leon Brittan, Competition Commissioner, and Mr Filipo Maria Pandolfi, Commissioner in charge of telecommunications, have called the EC's 12 industry ministers to a privata dinner in Luxembourg tomorrow to discuss Commission proposals for de-regulation of the Ec64bn ($70bn) a year industry.

They are prepared to offer a one-year extension, until January 1992, of the Commission's deadline for exposing basic data transmission to competition from private operators.

Member states were enraged at a Commission announcement, in the form of a proposed directive, at tbe end of last year aimed at phasing out monopolies in telecommunications services by January 1991, the most spectacular use of an EC treaty provision allowing the Commission to propose and adopt laws without consulting member states fully.

The proposed directive would apply to most data services including facsimile and electronic mail, but would exclnde telex and voice services, the largest but slowest-growing parts of the industry.

The 17-man Commission has the formal power to proceed regardless, but a majority of its members does not want this row over national sovereignty to jeopardise the overall plan for a single market across the Community in telecommunications.

The Commission used the same powers under Article 90 of the Treaty of Rome to enforce free competition last May in the Ecu9.5bn a year telecommunications terminal equipment market.

While all EC governments supported the aim of the plan, France, West Germany, Belgium and Italy took the Commission to court for allegedly exceeding its powers. They are likely to do the same again if it adopts the services directive.

This row is more serious because the governments with the strongest public telecommnnications monopolies – France, Spain, Italy and Greece – object to tbe Commission's aims as well as its tactics.

They want to keep the provision of basic data communications as the telecommunications autborities' exclusive preserve indefinitely, in contrast to the liberal UK which supports at least the content of the plan, in spite of its usual sensitivities over the Commission's encroachments on national sovereignty.

Under the original scheme, value added services, such as data banks, financial transactions and tele-shopping, would be open to private operators immediately, but national monopolies in basic data transmission would get a grace period until January 1991, which may now be stretched to January 1992.

Data transmission of all kinds accounts for a tiny percentage of telecommunications authorities' earnings, yet it is growing at up to 25 per cent a year, say officials.

National authorities which keep a strong grip on this lucrative market are unwilling to be undercut by private operators, as has happened in Denmark and the Netherlands.

University elite join the student strike for democracy in China

By Peter Ellingsen in Peking

CHINA'S three élite universities, Peking, Qinghua and the Peoples' University, along with other campuses in the capital, went on strike yesterday in support of student demands for human rights and democracy.

In a continuation of the unprecedented demonstrations that began 10 days ago, following the death of the former Communist Party secretary Hu Yaobang, students boycotted classes to attend protest meetings.

At the biggest rally, at Peking University, abont 10,000 students discussed a campaign to secure concessions from the party. Standing on a platform and shonting through a loudspeaker, student leaders announced that Peking University's union had been dissolved and would be replaced by an elected body with a brief to force the Government into a dialogue over political reform.

"We're fighting for democracy and human rights," one speaker said to a huge cheer from the crowd. "We want to organise to oppose dictatorship. We're going to try to create change."

Thongh no clear strategy emerged from yesterday's meetings, it appears that students intend to maintain their protests until the 70th anniversary of the May 4 movement, in two weeks, when hnge rallies are planned around the country. The anniversary commemorates the 1919 rebellion of 5,000 Peking students who took to the streets advocating democracy.

By opting to continne their protests, the students have embarked on a collision course with the both the party and the Government, which, though relatively restrained in their response up to now, have shown no interest in liberal reform.

The students have demanded a review of the party's decision to sack Hu in the wake of student unrest in late 1986, greater accountahility of senior party figures, freedom of the press, "just reporting," and a renewed policy of liberalisation.

They also want those who "injured students" during last week's protest rallies in Peking to be "seriously punished." According to students, as many as 100 of their number suffered at the hands of police during the demonstrations that culminated in a march on Communist Party headquarters on Tuesday and Wednesday.

Yesterday, students were collecting money for those they say were injured. They were also raising funds for the publication of their arguments and demands, which are not being circulated in the official press.

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MARKETS

US

FT-A World Index (in $ terms)

INTEREST RATES

US lunchtime

Federal Funds $8\frac{7}{8}$% ($9\frac{1}{8}$)

3-mth Treasury Bills: yield: 8.96% (8.93)

Long Bond: $98\frac{13}{16}$ ($98\frac{?}{?}$) yield: 8.98% (8.97)

London

3-month interbank: close $13\frac{1}{16}$% (same)

STERLING

New York close

$1.70585 (1.7135)

London:

$1.7050 (1.7150)

DM3.1725 (3.1700)

FFr10.7500 (10.7575)

SFr2.8000 (same)

Y224.25 (225.25)

DOLLAR

New York close

DM1.86075 (1.84905)

FFr6.3075 (6.2745)

SFr1.64225 (1.63075)

Y131.555 (131.45)

London:

DM1.8610 (1.8485)

FFr6.3050 (6.2725)

SFr1.6425 (1.6325)

Y131.60 (131.40)

GOLD

New York latest Comex June

$391.70 (+3.50)

STOCK INDICES

New York close

Dow Jones Ind. Av. 2,402.68 (-8.78)

S&P Comp 308.69 (-0.92)

London:

FT-SE 100 2,062.0 (+1.0)

World: 145.02 (Fri)

Tokyo

Nikkei Ave 32,805.92 (-223.89)

Frankfurt

Commerzbank 1,714.5 (-2.9)

OIL

Brent 15-day (Argus) $20.25 (-0.25) (May)

West Tex Crude $21.125 (+0.06) (June)

CONTENTS

Tanzania stays on recovery road, potholes and all

President Ali Hassan Mwinyi (left) is determined to press ahaad with economic reforms. He told parliament: "Problems ara still there, but what is emerging is that our efforts are not for nothing." Page 20

Protests likely over proposed French defence cuts

By Ian Davidson in Paris

FRENCH defence spending is certain to sag below previously projected targets because of this year's scheduled review of the multi-annual defence programme, and it may move sharply downwards if the Finance Ministry gets its way.

The prospect of defence spending cuts, currently the subject of fierce debate among the Prime Minister, the Defence Minister and the Finance Minister, seems certain to provoke bitter protests from the right-wing opposition parties when revised figures are presented for approval in Parliament.

The rapid increases in defence spending planned under the 1987 multi-annual defence budget law, designed to raise defence spending as a percentage of GDP from 3.72 to 3.99 in 1991, were described at the time by the right-wing secretary of the Defence Committee of the National Assembly as "very ambitious". This is unlikely to prevent the right-wing parties, now they are in opposition, from decrying any attack on the defence budget by the Socialist Government.

Mr Jean-Pierre Chévènement, the Finance Minister, is stoutly resisting the demands of the Finance Ministry, in the hope of staying as close as possible to the rising trend of defence spending prescribed in the 1987 Loi de Programmation.

But Mr Michel Rocard, the Prime Minister, is determined that the overall French budget deficit will continue on its downward trend, and it already seems clear that he will in the end require severe revisions in the Defence Ministry's spending plans.

At this stage Mr Rocard has reached no final decision on the overall defence equipment budget for the next four years. But he is forcing Mr Chévènement to face the consequences of some uncomfortable budget-cutting choices, including delay, scale-back, or even cancellation of big weapons systems.

Last Friday Mr Rocard squared his position on the choices lying ahead at a meeting with President François Mitterrand, who by tradition has the final say on big defence policy choices under the Fifth Republic. This was a prudent preparation for a long and apparently difficult discussion which Mr Rocard had with Mr Chévènement on Sunday.

In the current 1989 budget, French military equipment spending is scheduled at FFr112bn ($17.6bn), up 5.7 per cent on 1988. The 1987 Loi de Programmation would require further increases in military equipment expenditure in the years ahead, to total FFr470bn (in 1989 francs) over the next four years.

Under pressure for budget savings, the Defence Ministry has started to envisage a number of lesser budgetary hypotheses, with four-year totals of between FFr433bn and FFr450bn. But the Finance Ministry is reportedly demanding that this four-year total should be reduced to under FFr400bn, which implies a real reduction in absolute terms of the equipment budget.

Mr Rocard has reportedly called on the Defence Ministry to examine the budgetary consequences of making savings in a number of defence equipment programmes, both naval and nuclear.

These hypothetical revisions include a cut in the number of "pre-strategic" Hades mobile land-based missiles, from 120 to 85; a stretching of the construction programme for the new generation nuclear ballistic missile submarine; and a cancellation of the Charles de Gaulle aircraft carrier.

Mr Rocard does not believe France should give up any of its existing four military missions: nuclear deterrence, home defence, European defence, and out-of-area force projection. But he believes France can and must make significant savings.

A delay of a year in the in-service date of the FFr60bn Charles de Gaulle, from 1996 to 1997, would save FFr2.5bn; a delay of a year in the new nuclear missile submarine, from 1994 to 1995, would save FFr1bn. If the Charles de Gaulle were cancelled, Mr Rocard would expect the Defence Ministry to consider a less expensive alternative, similar to the British through-deck cruiser system.

Strikingly, the one major weapons system for which the Prime Minister has not called for any major revision or cut is the Rafale advanced technology fighter, which is expected to cost around FFr120bn for 336 aircraft, and to come into service in 1996.

The cost of this project has been fiercely criticised on all sides; shortly after coming to power last year, Mr Rocard himself described the project as being "in a disastrous situation". Today, however, there appears to be a consensus that it is no longer possible to change either the scale of the project or the in-service date.

Soviet Party braced for poll post-mortem

Quentin Peel on the prospects of a conservative backlash at today's central committee meeting

THE ruling central committee of the Soviet Communist Party today faces one of its most stormy and potentially divisive plenary meetings since Mr Mikhail Gorbachev came to power in 1985. It must decide how to react to last month's shock election results.

A substantial minority of the central committee members are regional and city party leaders who were decisively snubbed by Soviet electors in the Easter Sunday poll, many failing to get half the votes even when standing unopposed.

Today's extraordinary meeting – still not officially announced in the Soviet media but confirmed yesterday by Mr Gennady Gerasimov, the Foreign Ministry spokesman – gives Mr Gorbachev a chance to hammer home his message that the vote was a decisive endorsement of his perestroika reform programme and a condemnation of those party organisations which have failed to become more democratic.

The meeting can decide changes in the membership of the ruling Politburo and limited changes in its own membership – possibly to replace some of the 70-odd "dead souls" who have lost their party or government jobs since the last central committee elections. They amount to more than one in five of the central committee's full members.

However, there could also be a strong backlash from the middle-ranks of the ruling party leadership, exposed in the elections for the first time to the danger of losing their seats, against what they see as an erosion of one-party rule and basic principles.

They are also likely to use the latest tragic nationalist demonstration in Georgia, which left 20 dead in the capital Tbilisi, to argue for the pace of reform to be slowed.

Rumours that the extraordinary meeting was summoned at the demand of disgruntled conservatives were dismissed by political observers in Moscow yesterday, arguing that the elections have greatly reduced their influence in the party structure.

Unprecedented criticism of the central party leadership and, by implication of Mr Gorbachev, has come from one of the most powerful figures defeated in the election, Mr Anatoly Gerasimov, leader of the Leningrad city Communist Party.

He blamed "hastily-made, half-baked legal acts" – such as the anti-alcohol campaign and the creation of an agricultural "super-ministry" (now being disbanded) – for the unpopularity of the party at regional level.

But at the same time, his interview with the government newspaper Izvestia was defensive in tone, urging his party colleagues not to act too hastily on the basis of the election results. He also admitted that the vote was a clear repudiation of the "conservative wing" of the party and its failure to adjust to the surge in political consciousness among voters.

"When over 30 secretaries of regional [party] committees fail to get the support of the voters, then for whatever reason this must surely give any Communist grounds for serious contemplation," he said.

It would be unlike Mr Gorbachev to seek an instant purge of the party ranks as a result of the election, urging the grass roots party organisations to decide for themselves where changes need to be made.

A key indicator will be the position of Mr Yuri Solovev, the Leningrad regional party chief and the only candidate member of the Politburo to be defeated. The Soviet leader has shown no sign of seeking his resignation from the most powerful body in the land.

Another would be a major speech from Mr Boris Yeltsin, who humiliated the Moscow city party machine in winning almost 90 per cent of the votes there. He is certain to argue for more of a purge in the party leadership.

Reformers fear a move from the party conservatives to postpone next September's local elections, on the grounds that the polls could produce a backlash against party nominees now Soviet electors know they can get away with it.

Conservatives are also looking for a flat rejection of any talk of multi-party democracy, which several victorious candidates, including Anatoly Gerasimov's opponent in Leningrad, openly supported.

Another issue certain to be raised is the sorry state of the Soviet economy, underlined again at the weekend by deeply worrying statistics for the first quarter of the year. Opponents of the reform process can argue that so far it is causing more confusion than growth.

Thus wages grew more than twice as fast as output (9.4 per cent against 4.5 per cent in the first three months), hard currency imports from the West were up, and exports down.

Industrial production was up by 3.2 per cent, compared with 5.0 per cent in the same period last year, although consumer goods output rose 5.8 per cent.

Anatoly Gerasimov argued that the people were clearly dissatisfied with the results of four years of perestroika: "there are unfulfilled expectations and a gap between the electrification of society which we created by making many promises of change, and what we have not yet achieved."

Portugal warns EC on future of textiles sector

By David Buchan in Luxembourg

PORTUGAL yesterday warned its European Community partners that the Gatt trade talks might cause "a social and economic earthquake" in its textile sector.

But the Lisbon Government won only a vaguely-worded commitment for a European Commission study of "appropriate proposals" to help with possible textile sector restructuring. The UK said Portugal, one third of whose exports are textiles, should get no special aid, but should draw on newly increased EC structural funds.

Textiles emerged as the most politically sensitive of the four sectors, in which major participants in the Gatt talks recently reached interim agreement in Geneva.

EC ministers stressed that the current special restrictions governing textiles – the Multi-Fibre Arrangement – should be scrapped only if there was a general opening of all markets, equal competitive conditions, and temporary safeguards.

A striking coal miner carrying police riot gear yesterday as several hundred demonstrators mass outside local mining headquarters in Houthalen, Belgium, Reuter reports from Brussels. Paramilitary police battled with the protesting miners, who are trying to stop planned pit closures. Police used tear gas to try to disperse the demonstrators at the Houthalen headquarters, about 45 miles east of Brussels, where the protesters tried to erect barricades across nearby roads.

At one point a police officer fired a pistol several times in the air to free a colleague cornered by protesters, a police spokesman said. He said six police were treated for injuries. It was not immediately clear how many miners had been hurt, whether there had been any arrests or if the police had succeeded in dispersing the miners. Belgian radio reported that police wielding batons charged the miners several times then used tear gas. Some demonstrators entered the headquarters building and hurled files out of the window. The miners, who were protesting against the planned closure of mines in Beringen and Zolder in 1992, also blocked a motorway access road.

Dutch environment plan near completion

By Laura Raum in Amsterdam

THE Dutch government, after months of bargaining between ministers, is almost ready to announce details of a National Environment Plan designed to slash all pollution by 70 to 90 per cent by the year 2010.

The plan, the most ambitious and wide-ranging blueprint for ecological policy ever announced by a European Community member, is expected to be finally accepted by the whole Cabinet on Friday. At the same time ministers will approve the broad outlines of the 1990 budget.

Central to the plan is the "polluter pays" method of financing environmental care, with government subsidies kept to a minimum. Costs of the plan are expected to climb to Fl 6.6bn (£1.85bn) in 1994, with around Fl 3.4bn paid by consumers through higher prices, Fl 2bn through higher indirect taxes and the remaining Fl 1.2bn through savings in the government budget.

Horse-trading between Cabinet ministers has been complicated by the twin pressures of public opinion, which strongly favours greater emphasis on the environment, and the governing coalition's 1986 commitment to reduce the budget deficit.

Under a compromise covering both the environment plan and the 1990 budget, some Fl 2.4bn will be saved in areas other than environment; it is not yet clear how much of this money will be diverted to ecological spending. The deal was thrashed out between Mr Ruud Lubbers, the Prime Minister, and Mr Onno Ruding, his hard-line Finance Minister.

Mr Ruding insisted that the budget deficit shrink, in line with long-agreed plans, to 4.6 per cent of Gross Domestic Product in 1990 from a projected 5.3 per cent this year, and that the combined burden of taxes and welfare premiums drop, in line with the coalition's governing accord.

He threatened to resign last week in protest at what he viewed as an appalling lack of budgetary discipline among Cabinet ministers. But his colleagues, including the Prime Minister, argue that environmental exigencies outweigh the governing accord, especially in an election year. General elections will be held in April or May 1990 and "green" issues are likely to rank at the top of the list.

Under the compromise package Mr Ruding won hard promises of more fiscal discipline, in exchange for his blessing for the 1990 budget.

The Fl 2.4bn in budget savings next year are likely to hit the education, housing and perhaps defence ministries the hardest. The environment and transport ministries, meanwhile, say they want more money for subsidising energy conservation and public transport.

The 20-year environment plan seeks to rid this densely populated country's soil, water and air of harmful pollutants such as carbon dioxide and nitrous oxides. Annual costs could soar as high as Fl 16bn.

The new Dutch plan comes on top of considerable achievement in reducing the sulphur dioxide emissions which cause acid rain.

Farmers, whose intensive stock-breeding and use of fertilisers has been identified as a major contributor to the acidification of soil and water, are the only big social group to have opposed a massive drive against pollution.

Italian payments balance in black

ITALY'S overall balance of payments swung back into surplus in March for the first time since October, Bank of Italy figures show, agencies report. A surplus of L309bn ($227m) was recorded, against a L3.33 trillion deficit in February.

However, the annual inflation rate, based on a survey of 7 major cities, is at its highest since April 1986, at 6.6 per cent.

Bank of Greece warns on public sector deficit

THE Bank of Greece, the country's central bank, is expected to sound a warning on the country's rapidly rising public sector deficit in its annual report on the economy this week, Andriana Ierodiaconou reports from Athens.

Greece's net public sector borrowing requirement (PSBR) was reduced from 18 per cent of GDP to approximately 13.5 per cent between 1985 and 1987, as a result of a stringent stabilisation programme centring on a wage and salary freeze.

This trend was reversed in 1988 however, and there are fears that the PSBR may have climbed back up to 20 per cent of GDP by the end of 1989, higher than when the austerity measures were introduced.

With general elections due next June, drastic cuts in public sector spending are unlikely despite the bank's warning.

The general assumption is that the Drs 1.4 trillion (thousand billion) budget deficit (£5.2bn) projected for 1989, itself a record, will be significantly overshot.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

EUROPEAN NEWS

De Benedetti and Canal Plus study pay TV for Italy

By Alan Friedman in Milan

MR Carlo De Benedetti is to join forces with Canal Plus, the successful French pay television network, to study the possihllity of launching Italy's first pay TV.

The accord between Mr De Benedetti and Mr Andre' Rousselet, chairman of Canal Plus, was announced yesterday hy CIR, Mr De Benedetti's main holding company. in a separate development CIR also said it would soon set up its first financial investment company in Greece: the Da Benedetti group already has holding vehicles in France (Cerus) and Spain (Cofir).

An aide to Mr De Benedetti said yesterday: "We will examine whether it is feasible to organise a pay-television station in Italy that would be modelled on Canal Plus."

The French station is the world's first ovar-tha-air pay TV broadcaster, giving viewers special decoder boxes to receive transmissions. The normal method for pay TV elsewhere is a cable service.

If Mr De Benedetti and Mr Rousselet decide to go ahead with an Italian pay TV venture it would probably be handled by Mondadori, the publishing group controlled hy Mr De Benedetti.

The idea of starting a pay TV system in Italy has been growing in popularity in recent weeks. Mr Silvio Berlusconi, the media magnate who controls 45 per cent of prime time viewing with his three commercial networks, has recently approached such figures as Mr De Benedetti, Mr Gianni Agnelli of the Fiat group and Mr Raul Gardini of the Ferruzzi-Montedison agro-chemicals concern, in order to raise the prospect of a joint venture in pay television.

Fiat said yesterday the group was not interested in a pay TV venture. Mr De Benedetti has clearly chosen to ally himself with Canal Plus. Mr Gardini could not be reached for comment yesterday.

Vranitzky warns on Austrian right-winger

By Judy Dempsey in Vienna

AUSTRIA'S Socialist-led coalition government would be "rendered a disservice" if its junior partner, the conservative People's Party (OeVP), helped to elect Mr Jörg Haider, leader of the far-right wing Freedom Party (FPOe), as provincial governor of Carinthia, according to Mr Franz Vranitzky, the Socialist Chancellor.

In a wide-ranging interview with the FT, Mr Vranitzky described Mr Haider as a "populist" who over the past two years had introduced into Austrian politics "manners and tactics which mostly rely on populist and demagogic elements".

"If one of the federal government's own parties voted for the leader of the opposition, who incidentally, took away votes from the OeVP, it would be a bad service. The mutual confidence [between the coalition partners] would be served if it [the OeVP] did not vote for Mr Haider," he added.

However, the Chancellor would not be drawn on the possibility of an early election if Mr Haider was elected governor with OeVP support.

The prospect of Mr Haider becoming governor of Carinthia has opened up following recent provincial elections in which the FPOe made strong gains at the expense of the OeVP both in Carinthia – where the Socialist majority was broken for the first time since 1945 – and in Tirol and Salzburg.

But last week saw a series of manoeuvres on the part of the national leadership of the OeVP, combined with threats by the Socialists that they would pull out of the coalition:

It now seems more likely that the OeVP in Carinthia might support the incumbent Socialist, Mr Peter Ambrozy.

Ruling on Daimler tie with MBB explained

By Leslie Colitt in Berlin

THE West German Cartel Office disclosed yesterday that it ruled against the planned merger between Daimler-Benz and Messerschmitt-Bölkow-Blohm (MBB) because it would create or strengthen "market-dominating positions" in tha arms, aerospace and truck industries.

Daimler-Benz and MBB had said they would appeal to the Economics Ministry to overrule the Cartel Office's decision last Friday. But the Minister, Mr Helmut Haussmann, came under growing pressure from his liberal Free Damocrat Party (FDP) to uphold the ban.

Mr Stefan Held, a director of the Cartel Office in Berlin, said it regarded competition for contracts in the early stage of weapons development and procurement as vital. The prime contractor decided the proportion of the work other companies would get, a decisive point for the Cartel Office.

Mr Held said the dominant market presence of the merged companies could not he matched by foreign companies, as weapons procurement was still largely nationally-oriented. Although 70 per cent of West Germany's defence contracts were carried out in international co-operation, no foreign company had a chance to compete for the German portion of a project. Nor would the situation change in the foreseeable future, even with a single European market.

Daimler-Benz and MBB had argued that the existence of international competition voided the cartel objections.

"Economic power can become political power," Mr Held remarked, even if Daimler-Benz, West Germany's largest company, said it did not intend to exert political inflnence. He said that with 60,000 of West Germany's 68,000 defence indnstry employees working for Daimler-Benz and MBB, politicians could be told that a contract was needed in order to maintain employment.

The Bonn Government had supported the Daimler-Benz merger with MBB, saying it would rationalise participation in the European Airbus project, in which MBB has a share of nearly 38 per cent.

Prime Minister loses defamation case over secret service report

Another emharrassmant has hit Turkish Prime Minister Turgut Ozal as former joint military chief of staff General Necdet Urug has won a defamation case over a controversial secret service report last spring, Jim Bodgener writes from Ankara.

This follows a local election last month where the increasingly opulent and Ottoman style of his regime, together with high inflation, helped to turn the electorate against him.

The report from the National Intelligence Organisation (MIT) referred to Gen Urug's behaviour while in command of the Istanhul province following the 1980 military conp.

But Turkey's supreme administrative court, the Council of State, decided yesterday the report was defamatory and invaded the general's privacy. Since MIT, though run by the military, is responsible to the premier, the court directed that damages of TL40m (£6,600) be paid hy Mr Ozal's office. "The office of the Prime Minister assaulted Urug's personality... hy making pnhlic docnments with unproven allegations," said Mr Serafettin Kaya, a Council of State member.

The report was issued against the hsckgronnd of a hehind-the-scenes struggle between the civilian government and the military for pre-eminence in MIT, said to have been resolved in favour of the latter. In one analysis, it was intended to hlight the general's chances of the presidency, in Mr Ozal's favour, when Presldent Kenan Evren steps down in November.

Ozal caught between inflation and wages

Union militancy further threatens Turkey's ruling party, writes Jim Bodgener

MR TURGUT Ozal, Turkey's Prime Minister, is girding his administration for an all-out battle with the high inflation primarily responsible for the crushing defeat of his ruling Motherland Party (ANAP) in local elections last month.

At the same time, he has had to make concessions to strident grass-roots militancy in public sector trade unions.

Widespread "passive" worker protests across the country, including mass medical checkup walk-onts, have already given Mr Ozal a taste of the damage a wave of public sector strikes could inflict on the economy and its structural adjustment programme.

The once moderate leadership of the main Turk-Is labour confederation has been unusually intransigent of late: its president, Mr Sevket Yilmaz, and his fellow-leaders, face re-election this year.

Bitter frnstration among workers is exacerbating a militancy which has been latent on the shop-floor since the snppression of the left-wing DISK trade union after the 1980 military coup.

Although inflation has fallen back to 65.4 per cent at the end of March from a peak of 87 per cent in November, an underlying slump in demand as a result of austerity measures last year reflects the stretching of lower incomes to hreaking point.

May Day is looming, with the prospect of a mass demonstration in Istanhul's central Taksim square hy independent unions and affiliates of Turk-Is – although Turk-Is itself will only issue a statement of protest. Agonised memories remain of May Day 1978 when 44 died in the chaos after security forces fired on crowds at a DISK mass rally in the square.

So far, the Government has not officially hndged from offers of around 120 per cent for the 500,000 state employees whose wage rises for 1989-90 are being negotiated.

But senior hureaucrats said last week that the Government would compensate low income groups. Turk-Is officials say 220 per cent is needed to make good real lost income since 1986.

The Government would aim to squeeze the public sector for further savings to the lira equivalent of \$1hn with which to compensate low income groups, acting treasury head Mr Namik Kemal Kilic said in an interview.

At the same time, demand and production would be regenerated through a renewed programme of social housing construction and the encouragement by development bank discounts of export-oriented industry, he added.

Officials say off-setting wage increases against savings will allow the Government to keep to its planned 1989 budget targets.

Turkish student protesters hide their faces from the cameras

It could then concentrate on reversing an export slowdown resulting from the phasing out of export tax rebate incentives to satisfy Gatt.

The latter would be achieved by utilising part of Turkey's record \$1.5hn current account surplus last year to increase insurance and guarantee services to exporters offered by the new Export Import Bank of Turkey and hy direct investment in export industry through the Turkish Development Bank, said Mr Kilic.

The huoyancy of overseas sales in 1986 and 1987 was not expected this year, said Mr Ali Tigrel, head of the State Planning Organisation, although given the slightly unhealthy current account surplus, a fall off could he accommodated easily. Nevertheless, there would still he a comfortahle surplus this year, he predicted.

To finance the \$2hn hudget deficit planned this year and cash payments to farmers later in the summer, the treasury would tap the markets through issues of treasury honds and hills, rather than being a drain on the central hank, said Mr Kilic.

Whether inflation falls or not will also govern when general elections are called. Despite his assertions to the contrary, it is generally agreed Mr Ozal must seek a fresh mandate to rehahilitate his administration's jaded image, either in tbe autumn hefore parliament selects a replacement in October for President Kenan Evren, or early next summer.

Dashed for the present are the premier's own presidential amhitions, although if early general elections produced a sufficient mandate in Septemher, he might be tempted to make a last-minute hid.

There is already a fierce struggle for the traditional leadership of the right between Mr Ozal and veteran former premier Mr Suleyman Demirel, leader of the third largest parliamentary grouping, the True Path Party (TPP).

From his emotive calls for anti-ANAP rallies across the country, it is plain Mr Demirel knows he must quickly capitalise on the swing vote to the TPP in rural areas that relegated ANAP into a miserable third in the local election national voting averages. On the other hand, Mr Ozal needs time, but has little of it.

Takeshita aims to quell speculation on his future

By Stefan Wagstyl in Tokyo

MR Noboru Takeshita, Japan's beleaguered Prima Minister, yesterday battled to quell speculation that he is about to resign over his involvement in the *Recruit financial scandal*.

He denied a Japanese newspaper report that he had asked Mr Masayoshi Ito, a senior member of the ruling Liberal Democratic Party, to succeed him in office. The report said 75-year-old Mr Ito refused the appeal on grounds of ill health.

Mr Takeshita insisted he planned to go ahead with a nine-day visit to south-east Asia, due to start on Saturday. He dismissed reports that he might have to cancel the trip in order to deal with political turmoil caused by the scandal.

However, Mr Takeshita's remarks did little to restore his authority at a time when his own party is discussing his possible resignation increasingly openly.

Mr Michio Watanabe, chairman of the LDP's policy research committee, said yesterday that under the circumstances it was natural for party members to have various opinions on Mr Takeshita's future.

However, Mr Watanabe added that the Prime Minister had important work to carry out – including securing the passage of a stalled budget bill, going on the south-east Asian visit, and attending the Paris summit of Western leaders in July. *Analysts said* Mr Watanabe's remarks implied that Mr Takeshita might quit after the summit.

Mr Takeshita's latest embarrassment stems from revelations over the weekend that he received a previously-undisclosed Y50m (£223,000) loan from *Recruit*, the hosiness information company at the centre of the scandal. This money was not included in a statement of Y151m in contributions from Recruit which the Prime Minister made to the Diet (parliament) only two weeks ago. Opposition leaders condemned Mr Takeshita for misleading the Diet.

Even before news of the loan emerged, Mr Takeshita faced intense difficulties trying to get the 1989-90 hudget through parliament.

Opposition parties have been boycotting debates in order to try to force the LDP to make Mr Yasuhiro Nakasone, the former prime minister, give evidence before the Diet about his role in the Recruit affair.

The LDP has had to pass a temporary budget for the *financial year which* hegan on April 1.

It has repeatedly threatened to railroad the actual budget through the Diet, in defiance of the tradition that bills are passed hy consensus. However, it has not carried out its threat for fear of alienating potential allies among the opposition parties.

As a result the two sides remain deadlocked.

The LDP has set various deadlines for the hudget hill's passage. The latest is this Friday, hut it was being said yesterday that this might prove as flexible as previous ones.

Japanese wholesale prices rose 1.5 per cent in the first 10 days of April compared with the previous 10 days, hut a Ministry *of Finance* official said the news did not warrant an immediate increase in the Bank of Japan'a discount rate, Ian Rodger reports from Tokyo.

Statistics for the first 10 days of a month seldom attraction much attention in Japan, hut the wholesale price index figure was the first indicator of the implementation of a 3 per cent valne added tax on April 1.

Also, financial analysts in Japan have become increasingly nervous about the possibility of a discount rate rise in recent weeks, especially since the rise in official West German interest rates last week.

The overall wholesale price index reached 88.5, 2.5 per cent higher than a year earlier, but still well below the 1985 base of 100.

The ministry official said the government was not concerned abont the 10 day figures, hnt would be paying much greater attention to the behaviour of the consumer price index for April.

UN report challenges World Bank Africa study

By Michael Holman

A UNITED NATIONS report yesterday challenged the findings of a a recent *World Bank* study which concinded that an economic recovery is nnderway in those African countries implementing strnctural adjustment programmes.

The UN Economic *Commission* for Africa accnses the Bank of making "selective" and "inconsistent" use of economic data, and *of* overlooking the adverse impact of adjustment policies on the poor.

A World Bank paper pnblished last March argued that African countries could have "adjustment with growth" if governments implement reforms and if donors provide additional resources.

The caotionsly optimistic *picture painted* was *seen* hy some African governments as an attempt to vindicate policies drawn up hy the World Bank and the International *Monetary Fund, adopted* with varying degrees of enthusiasm by over half the 45 sub-Saharan African states.

The Bank's findings were immediately dispnted hy the Addis Ahaba-based Ecooomic Commission for Africa (ECA), which earlier this year declared that the continent's decline "continned unabated."

The 25 page ECA report published yesterday says that "some central conclusions (of the Bank study) can only be arrived at if a high degree of selectivity in handling data is practiced."

Reference periods "seem to have been chosen, at least in some cases, to fit pre-conceived cooclusions," it *adds*.

The ECA is particularly critical of the finding that benefits of structural adjustment programmes (SAP) have heen demonstrated: "Countries that are not adhering to IMF and World Bank supported SAPs are heing penalised and starved of resource flows ... indeed, domestic reform efforts of many African countries have been thwarted because of this very factor."

Labour relations poser for Seoul

Strikes have highlighted a clash of attitudes, Maggie Ford writes

INDUSTRIAL relations in South Korea are nearing a turning point which could indicate whether *the future* is to be one of confrontation or peaceable negotiations.

As the country continues its political transition from authoritarian rule to democracy, strikes and other labour disputes have highlighted both the intractahle attitude of some older managers and the emotional intensity which *confrontations can generate*.

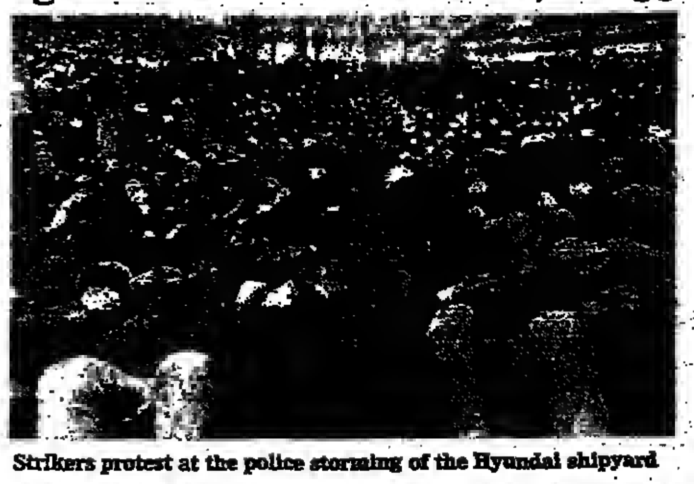
The difficulties facing managements and workers in finding a way towards industrial peace are compounded by the tendencies of both right and left-wing forces to use disputes for their own political purposes.

Hardliners in the Government, supported hy some business *leaders*, have claimed that unions are being influenced by radical groups and have demanded a crackdown on such elements.

While police, accompanied hy much media fanfare, have arrested several union members, including a few student advisers, much of the police intervention seems more apparent than real.

A military-style dawn raid hy 10,000 riot police at the shiphuilding subsidiary of the Hynndai business group recently found no workers at the yard and failed to end the strike which had continued for two months. After a stern warning from the Ministry of *Industry, Mr Chung Ju Yung*, chairman of Hyundai, despatched a team of top company managers to the yard to look into the workers' grievances.

The team is also studying the prohlems at Hyundai's other companies where pay negotiations begin next month. Company efforts to split union representation and to have union leaders arrested have created severe bad *feeling* in Ulsan, the Hyundai company town.



Strikers protest at the police storming of the Hyundai shipyard

It is not yet clear, however, whether the investigation signals a change of attitude on the part of one of the most hardline managements or whether good relations can be restored in the long term.

Pressure on the Government for further crackdowns continued last week, with the arrest of a number of union leaders at an industrial complex of small companies near Seoul.

A rumour, so far unconfirmed, that a general strike is to be held on May Day, has caused pnhlic concern. But large companies, union leaders and opposition politicians, deny that any strike plan exists.

Mr Kim Dae Jung, the main opposition leader, appealed to union members and students to be careful not to lose the aympathy of the public or to "fall into a trap set by government hardliners".

Tha heated atmosphere caused by the politicisation of *the labour situation does not* seem to have hindered negotiations seriously so far.

At tha Samsung business group, the biggest electronics maker, where negotiations are carried on through labour-management councils rather than unlons, a group-wide settlement was annonnced last week. Workers are to receive an average 17.8 per cent rise with extra fringe benefits.

At the GoldStar group, South Korea's second largest electronics and semiconductor producer, agreement has been reached on a 19.5 per cent rise at two subsidiaries. A further seven are nn strike, hut negotiations are continuing and a company spokesman said he expected a successful outcome shortly.

In the motor industry, where pay talks are under way or yet to start, production has suffered some fairly minor interruptions due to shortages of parts following strikes at some suppliers.

Among foreign companies, about seven banks have settled without strikes at widely different pay levels ranging from under 20 per cent to 47 per cent. The banks were presented with claims designed to even out discrepancies in salaries across the sector.

Manufacturers with foreign investors continue to present a mixed picture. At Motorola, the US semiconductor maker, where a violent dispute broke out late last year, an agreement to recognise the union has been signed, the first in the company's history.

A number of other US companies, including TC Electronics, makers of the Tandy computer, appear to have decided to close down rather than negotiate with workers, transferring their production to Korean-run companies.

This has generated emotional protests by workers, primarily women and apparently uninvolved in industrial action, who have been deprived of their jobs and in eome cases their severance pay. A company executive was held hostage at TC Electronics for a week.

The level of pay settlements so far suggests that rises of between 15 and 20 per cent are likely to be common, with agreements involving quite substantial wage restructuring to remove anomalies.

Companies have indicated that this can be absorbed since productivity remains high. They appear to be more concerned about loss of production through stoppages.

As South Korea continues its difficult transition, political and management attitudes, rather than workers' greed or laziness, are likely to be the key to future success or failure of its industrial relations.

Consumers call boycott of Algerian food shops

A GROUP calling itself the "Angry Consumers Association" yesterday called for a national hoycott of food shops *in Algeria in an effo*rt to drive down soaring prices, Renter reports from Algiers.

The official Algerian news agency APS said the association, based in the western town of Oran, urged people to boycott red meat, fish and vegetables for four days starting on Thursday.

Consumer groups have already staged shopping strikes in several towns, including Algiers, Oran and Tizi Ouzou, after the prices of meat and vegetables doubled or tripled in two weeks.

The main labour federation, the Union General des Travailleurs Algeriens, said it would support the national food strike, APS reported.

Reports in the local media suggest protests against high prices are gathering momentum. A week ago 52 irate shop*pers were arrested after they* wrecked a market at Aflou and trampled on the food.

Last October Algeria was rocked hy riots, sparked hy economic hardships, high prices and shortages. Analysts say there could be a repetition unless discontent is rapidly defused.

In an unusually frank diagnosis of Algeria's economic problems, APS said the weakness of the dinar was one of the main reasons for the wave of popular protests.

"*The dinar is not* at *all* well. It is sick, seriously sick," APS said. "This is obvious from the crazy surge in prices and exchange rates on the hlack market."

The situation was aggravated by rising unemployment, galloping population growth and the development of chronic shortages.

Amnesty hits at Peking for 'execution of 30,000'

AMNESTY International says China has executed up to 30,000 people in a drive against crime in recent years, raising fears some defendants may not receive a fair trial, Renter reports.

"Many thousands of people have been executed in China over the past decade – unofficial sources have put the number as high as 30,000 in the five years after a nationwide anti-crime campaign began in 1983," the London-hased human rights *organisation* says in a report released today.

China's desire to impose punishment quickly meant the legal process had been speeded up to allow prisoners to be exected within a few days of arrest.

"There is a lack of safeguards for fair trial. Access to lawyers is limited and in practice few people are able to exercise effectively their right to defence."

In a 268-page report calling on governments to abolish the death peoalty, Amnesty attacked Japan and Indonesia for holding condemned prisoners on death row for decades before executing or acquitting them.

Amnesty cited a Japanese prisoner, Sadamichi Hirasawa, sentenced to death in 1950, who died of old age in 1987 aged 95. "He had spent a large part of his existence not knowing whether he would be executed or whether his appeals for retrial would be granted."

In the early 1980s, three Japanese prisoners were acquitted 30 years after being sentenced to death.

The report cited political prisoners in Indonesia executed nearly 20 years after being arrested and two men executed for murder in 1987 after 25 years under sentence of death.

Use of the death penalty had increased sharply in Indonesia in recent years, Amnesty said.

China rejects attempt to mount inquiry in Tibet

CHINA yesterday rejected the suggestion that an international fact-finding mission investigate the situation in Tibet, dismissing the proposal as "interference" in its internal affairs, AP reports from Peking.

The Foreign Ministry said in a statement that China resolutely opposed any attempt to send a "so-called inquiry mission" to the isolated southwestern Chinese region.

Tibet's capital of Lhasa has been under martial law since March 7 following clashes between police and pro-independence rioters.

The Dalai Lama, the exiled Tibetan spiritual leader, raised the idea of a mission to Tibet in a meeting in Paris last week with Danielle Mitterrand, wife of French President François Mitterrand.

"We cannot but express our regret that a personage having a high status from a country friendly to China has gone to the length of receiving the Dalai Lama and made remarks which constitute an interference in China's internal affairs," the ministry said.

Mrs Mitterrand met the Dalai Lama in her capacity as head of a French humanitarian group.

China recognises the Dalai Lama's spiritual role in Tibetan Buddhism but stresses that he should not be allowed to carry out political activities concerning Tibet in other countries. China has agreed to hold talks with the Dalai Lama about the future of the region, but only if he gives up the concept of Tibetan independence.

Mayekiso acquitted of subversion

By Anthony Robinson in Johannesburg

MR Moses Mayekiso, general secretary of Sonth Africa's Black engineering workers' unlou (Numsa), yesterday left court a free man as he and four co-accused were aquitted of subversion and sedition after a two-year trial.

The five, whose case has been championed hy British, Scandinavian and other trade unions, were detained in 1986 under security laws and emergency regulations. They were originally also charged with treason for their part in setting up "alternative people's structures" in Johannesburg's Alexandra township.

The state charged that this challenge to white authority, part of the general insurrection which swept the black townships between 1984 and 1986, amounted to treason and subversion.

Mr Chris Dhlamini, general *secretary of the Cosatu* federation said: "Cosatu and the United Democratic Front were also on trial, and the court has ruled that our fight for freedom is legal".

Mr Bernie Fanaroff, national secretary of Numsa, added: "A guilty verdict woold have opened the floodgates to more prosecutions of unions".

Israel woos Italy on Gaza poll

By Hugh Carnegy in Jerusalem

ISRAEL yesterday intensified its effort to win European support for planned elections in *the occupied* West Bank and Gaza Strip by pressing Mr Ciriaco De Mita, the visiting Italian prime minister, for his endorsement of the proposal.

Mr De Mita, *accompanied* hy Mr Giulio Andreotti, his foreign minister, indicated a guarded assent, telling reporters and prominent Palestinians that elections under the right conditions might move the peace process forward.

In Washington earlier this month, Mr Yitzhak Shamir, the prime minister, outlined his plan to end the 16-month-old intifada (uprising) in the occupied territories.

Accepted as a possible step forward by the Bush administration, the proposal includes elections to choose Palestin*ians to negotiate an interim*, and ultimately final, settlement in the territories.

As the first EC leader to talk to Mr Shamir since the plan was published, Mr De Mita found himself being pressed to urge the European Community to back the proposals and use its influence to get the Arah world to do likewise.

The Israelis hoped that support from Italy, which has warm relations with the Palestine Liberation Organisation, would have a strong influence on EC policy.

Palestinians have not ruled out elections, but want them under international supervision, after an Israeli commitment to withdraw its troops and as part of a defined process *towards statehood*. These conditions are flatly rejected by Mr Shamir.

Meanwhile, unrest in the territories was marked yesterday by clashes in the West Bank town of Hebron between local Palestinians and Jews visiting a nearby shrine.

A group of Jews attacked shops in the town after Palestinians stoned their huses. In the Gaza Strip, scene of incessant rioting in recent weeks, in which several Palestinians have been killed and dozens, including young children, wounded hy security force gunfire, more than 15 people were reported wounded yesterday.

UN adds second plane to Sudan airlift

THE United Nations has brought in a second aircraft to speed up the airlift of famine relief supplies to the rebel-held town of Torit in sonthern Sudan, a UN spokesman said yesterday, Reuter reports from Nairobi.

Mr Paul Mitchell said a French Air Force C-160 Transall plane joined the airlift on Sunday from Entehbe airport in Uganda to Torit, 100km (60 miles) north of the Ugandan frontier.

The airlift, the first major UN relief operation inside rebel-held areas of southern Sudan, began on Friday with a C-130 Hercules, which is flying 42 tonnes of food a day into Torit. Mr Mitchell, who had just returned from Torit, captured by the Sudan People's Liberation Army (SPLA) two months ago, said about 30,000 people had converged on the town in search of food.

But food was already being distributed to villages within a 25km (15 mile) radius and the movement of people into the town had stopped, he added.

Mr Mitchell said the UN had a second Transall standing by in Entehbe to start airlifting food into rehel-held areas of southern Sudan shortly.

A UN spokesman in Kampala said a UN convoy of 47 food trucks that left Kampala on Friday was still on its way *north. The convoy* was due to reach the Sudanese border town of Nimule in about two days, Mr Egil Herdan, an official of the UN World Food Programme, said.

Mr Herdan said the convoy would deposit part of its 1,000 tonne load of maize in Nimule before attempting to deliver the remainder to Torit.

Last month the United Nations launched a $132m famine relief operation to move over 100,000 tonnes of food into war-torn sonthern Sndan before the rainy season in May makes most roads and airstrips in the area unusable.

But the operation has got off to a slow start and UN officials now say that most of the food will have to be flown in over the next six months.

The rains are expected to make many airstrips in southern Sudan too soft for heavy aircraft to land safely, so large quantities of food will probahly have to be dropped by planes flying at low altitude.

The United Nations esti*mates that 250,000 people* starved to death in southern Sudan last year and a further 100,000 could die this year unless enough food reaches the area in time.

Power set to resume in Beirut

By Our Foreign Staff

A FRENCH oil tanker delivered fuel to the main power station supplying Beirut yesterday, enabling an eventual resumption of electricity supplies to the Lebanese capital after a nine-day interruption caused by recent heavy artillery duels across the sectarian divide.

The delivery of 4,000 tonnes of fuel oil to the Zouk power station in Lebanon's Christian enclave from the naval tanker Penhors marked progress in the French Government's efforts to provide humanitarian assistance to Lebanon.

It followed an earlier French delivery of 2,000 tonnes of fuel to a Moslem port 30 miles south of Beirut, and came against a background of diplomatic manoenvres ahead of tomorrow's meeting of Arab *League foreign ministers* on the Lebanese crisis.

Beirut has been without electricity and water since the beginning of last week after one *of the most intense bom*bardments Lebanon has seen in its 14-year civil war.

The French aid operation has hitherto been hampered by auggestions from Lebanon's Moslems and from their supporter Syria that France has shown bias in favour of the Christian minority.

However, to allow yesterday's delivery to take place without shelling from Syrian forces or their Moslem militia allies, France is said to have persnaded General Michel Aoun, the Christian army commander, to order a halt to ferry services between Cyprus and East Beirut.

"That's the deal worked out by France to strip the Syrian army and its Druze allies of any pretext for shelling the Christian enclave," said one official close to Gen Aoun.

The two ferries operating between the ports of Jounieh in Lebanon and Larnaca in Cyprus have been the only lifeline for the beleaguered Christian population.

Egypt crackdown

Egyptian Intarior Minister Zaki Badr was quoted yesterday as saying 1,500 alleged Moslem fundamentalists were arrested over the past two weeks, Reuter reports from Cairo.

"These extremist groups are fueling religious strife in the country and they must be met with force. We will meet violence with violence," Mr Badr was quoted as saying.

The sources said the arrests were made under emergency laws in force since 1981 which empower police to detain suspects indefinitely without any formal charges.

The crackdown followed a clash after Friday prayers on April 7 between Moslem extremists and police in the oasis town *of Fayoum. Among* those arrested was the blind theologian Sheikh Omar Abdel-Rahman, considered by the outlawed Islamic Jihad organisation as its spiritual leader.

Migrant issue strains Manila's uneasy peace with Malaysia

Richard Gourlay, recently in Sabah, looks at the political impasse over the status of Filipino workers and refugees

JAMALUL ALAM is a Filipino singer who sneaked into the rich east Malaysian state of Sabah three years ago. He has no joh hut bought work papers for about $280 and lives in a *refugee* camp. After years during which Malaysia tolerated Filipino migrants, Alam and thousands like him are feeling increasingly unwanted.

According to officials in Manila and refugees in Sabah, Malaysian authorities are stepping up deportations of Filipinos. The move is only partly explained by the 60 per cent *increase last year in Indochi*nese hoat people landing in peninsular Malaysia, an increase which triggered alarm bells in Kuala Lumpur.

Relations between Malaysia and the Philippines are the most strained between any Association of South East Asian Nations (Asean) countries. They are already arguing over fishing rights and territorial claims to Sabah and the tiny Spratly Islands in the South China Sea. The migrant and refugee prohlem is an irritant over which Malaysia has direct control.

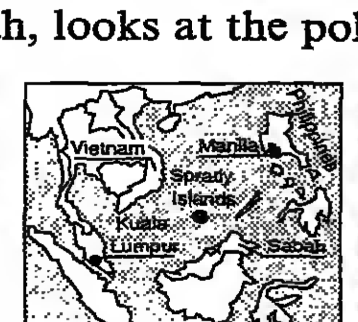
For years Asia's equivalent of Mexican wethacks, who swim the Rio Grande to work illegally in the US, have been the seafaring Moslems of the southern Philippines. They *cross unpatrollable water bor*ders to work in timberyards and ruhber estates in Sabah.

Any number between 150,000 and 300,000 Filipinos are in Sabah at any one time, according to both capitals, hut Malaysia recognises as "political refugees" only 70,000 who fled the hrutal 1972-75 civil war with Christian dominated Manila.

Taking the official figures, it means there are half as many Filipino refugees in Sabah as Indochinese refugees throughout south east Asia and Hong Kong, and over five times more *Filipino than Indochinese* refugees in Malaysia.

"The problem of the Filipino refugees in Sahah is now acute," saya a Malaysian diplomat versed in refugee issues.

With the 17-year long Moslem insurgency running out of steam in the Philippines and the refugees readily admitting they stay in Sabah because it *is rich*er *and* more *peaceful* than home, the claim to refugee status has worn thin.



Filipino workers have angered officials in Kuala Lumpur hy crossing water horders to work in the timberyards and and rubber estates of the rich east Malaysian state of Sabah

But however much Philippine officials accept they are economic "migrants" and no longer "refugees," they are angered by Malaysia's actions. "All we are asking for is some time to solve the problem hy agreement," a Philippine Foreign Affairs official said. *Instead, following the collapse* of a half-hearted amnesty programme last year, Malaysian police and immigration officials have stepped up their expulsions, he said. "We are being victimised."

Sabah authorities deny the claim, say a task force has been set up to study the problem and that the law is simply being applied. Philippine officials can only estimate the number of deportees at thousands because of the remoteness of the islands where they are dropped.

Last April, Malaysia arrested 47 fishermen near the Spratly Islands. They were released four months later after President Corazon Aquino interceded with a call to Dr Mahatir, the Malaysian Prime Minister.

Malaysian police action against Filipinos in Sahah increased not long afterwards, officials in Manila say. Relations hit a low when a Philippine naval officer, posslhly angling for an increased military hudget, claimed Malaysian maps showed Kuala Lumpur had annexed the equally tiny Turtle Islands off the Sabah coast. By the time the officer realised the line on the map marked a shipping route, the Philippine Senate foreign relations committee chairman had called for a downgrading of diplomatic relations. Kuala Lumpur was again understandably offended.

Then last month Mr Fidel Ramos, the Philippine Secretary of Defence, claimed obliquely that Malaysia's $4bn arms order last year from the UK might mask aggressive intentions towards the Philippines. Malaysian officials strongly reject the insinuation saying the sum will be spent over 10 years to modernise its armed forces.

The greatest irritant however remains the Philippine sovereignty claim over Sabah. The claim dates back to when the Sultunate of Sulu, now part of the Philippines, leased in perpetuity the north east tip of Borneo to a British company that received a charter from William Gladstone, the Liberal Prime Minister.

Mrs Aquino has said she wants to drop the claim and with it the hostilities that are keeping the two countries apart, hut she has not pressed the Senate to pass the necessary legislation.

To Jamalul Alam in tha refugee camp in Kinarut, the Spratlys and Turtles are just little islands and the Sabah claim is a hazy piece of history.

He admits Filipinos in Sabah often steal, because they are poor and unemployed, hut fails to understand how the rubber estates and timberyards would survive without cheap Filipino labour. Like the *refugees* he lives with, he is fed up with being caught in a tug-of-war hetween distant politicians who will not resolve issues that have an immediate effect on his life.

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Bush proclaims good start on broad front

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday claimed to have made "a good start" in his first three mooths in office, as he began a four-day tour across the US before the traditional landmark of the first 100 days in office, which will fall on Saturday.

While deliberately avoiding any reference to 100 days, Mr Bush and his advisers are assiduously presenting a detailed defence of his record, in face of often sceptical and lukewarm press treatment of his performance.

Addressing newspaper publishers in Chicago, the president said that, after three months, he was "very pleased with the progress we've made in that short time."

Looking ahead, he referred to "the completion of the defence and foreign policy reviews in late May, draft legislation for a new Clean Air Act, a new strategy to curb the increased use of lethal weapons by drug dealers and other criminals, and new initiatives to combat the problem of homelessness in America."

He presented himself as "a practical man; I like what's real. I'm not much for the airy and abstract. I like what works."

Looking over his first three months in office, Mr Bush mentioned the recent bipartisan budget agreement as "a strong first step towards dealing with the deficit problem," the accord reached with Congress on Central America, action to stabilise the troubled savings and loan system, and proposals for ethics reform in government service, and a renewed anti-drug effort.

For the long term, Mr Bush said his administration had made proposals for education reform, for assisting child care through tax credits, and for the environment.

The administration had set its course on strengthening the strategy on Third World debt. "Now I want to see success on a case-by-case basis. I want to see an agreement with Mexico, with Venezuela, and with other countries as well."

On foreign policy, the president said decisions on arms control would be "forthcoming soon." He noted that he had met the leaders of 34 countries.

GAO head attacks pact on budget as unreal

By Peter Riddell

THE BUDGET agreement reached 10 days ago between President George Bush and Congressional leaders is coming under increasing criticism for having included non-existent or purely temporary expenditure savings and for excluding major programmes.

Doubts have been expressed especially by Mr Charles Bowsher, Comptroller-General, who heads the General Accounting Office, the investigatory arm of Congress. He has argued: "The rosy projections are not real numbers any more. The situation with the deficit is much worse than is being portrayed."

Instead of a $100bn budget deficit in fiscal 1990, which the agreement is intended to achieve, Mr Bowsher has said it would be far more accurate to expect a $263bn deficit. The difference would mainly reflect the huge surpluses building up in social security and other trust funds. There has also been criticism of the exclusion from the the budget of the refinancing operation to rescue troubled savings and loans institutions.

Arguing for a fundamental reform of the budget process, Mr Bowsher has claimed that everyone knows the numbers are fudged, and that they never reflect reality, because revenue is exaggerated and spending is underestimated.

Even within current budgetary definitions, most independent analysts have criticised the budget agreement for failing to tackle the fundamental problem of the deficit and for relying on accounting gimmicks.

Among the main flaws seen in the agreement are an $850m advancement of farm spending from next year to this, assuming that $500m worth of food stamps have been lost and will never be redeemed, saving $2bn by moving the Post Office off the main budget, and producing $500m from better enforcement of tax laws.

These doubts are unlikely to make much practical difference since Congressional leaders and the administration want to make the deal appear to work. The agreement has already been approved by the Senate Budget Committee.

Peru raises fuel prices

By Veronica Baruffati in Lima

PETROL and gas prices in Peru were increased 15 per cent at the weekend, only 24 days after the last rise. The price of kerosene for kitchen fuel was increased by 5 per cent.

These measures are expected to provoke another round of increases in fares and food prices.

Since the beginning of the year, petrol prices have increased 137 per cent. It now costs the equivalent of almost $1.5 a gallon.

Widespread popular indignation is being expressed as devaluations and price increases chase each other in an uncontrollable spiral.

Mr Armando Villanueva del Campo, Prime Minister and Interior Minister, said the fuel price increases "were to allow Petroperú (the state oil company) to restore its export capacity. This will benefit not only the country, but also the next administration."

He made these declarations after a 3½-hour cabinet meeting which discussed the questioning of the government in Congress last week after what was seen as a poor effort by Mr Villanueva in Congress to explain the government's plans to resuscitate the economy.

The IMF mission which has been visiting Central Bank and Ministry of the Economy officials returns to Washington this week.

Mexican teachers' leader axed by Salinas

By Richard Johns in Mexico City

MR CARLOS JONGITUD resigned his position as head of the Mexican teachers' union on Sunday night, after a meeting with President Carlos Salinas de Gortari.

His surrender of power, however, is unlikely to bring an early end to the strike by dissident members of the National Union of Education Workers (SNTE).

The resignation is a recognition of Mr Jongitud's failure to win acceptance by a sizeable minority of the SNTE of a pay and benefits package awarded to the teachers by the Government this month.

His removal and the holding of democratic elections for the top SNTE positions was one demand of the union's rebellious faction, the National Co-Ordinator of Education Workers (CNTE), led by Mr Teodoro Palomino. However, resignation by the "leader for life and spiritual guide" of the SNTE, who seized control of the union at gunpoint in 1972, is unlikely to modify the claim of the dissidents for a 100 per cent increase in salaries.

Following Mr Jongitud's resignation, a spokesman for the CNTE said that the strikers would not obey an order by the Federal Arbitration and Conciliation Board to return to work yesterday.

The dissidents would also go ahead with a plan to march throught the capital yesterday, he added. Mexico City bus drivers are supporting them with a day-long stoppage.

As yet, the Government has not indicated what measures it will take if dissidents refuse to return to work, following the Education Ministry's failure last week to mediate between the SNTE and the rebels.

By law, they can be sacked if they absent themselves from work for more than four days. The strike began on April 17.

Even with the new salary rise, teachers earn only the equivalent of an average $150 a month. The Government is insistent that it cannot improve the awards.

Mr Jongitud's resignation will not lessen the challenge to the Salinas administration's economic stabilisation and anti-inflation policy.

It was widely assumed that Mr Salinas would want to get rid of the teachers' leader as soon as the new administration began last December. Mr Jongitud has been accused by his opponents of corruption, selling union jobs and mobster tactics, including arranging the killing of those who defied him.

Moreover, in the presidential election, which Mr Salinas won only by an unprecedent narrow margin (according to the official count), Mr Jongitud, who is a senator for San Luis Potosí, failed to deliver the millions of votes promised by him for candidates of the ruling Institutional Revolutionary Party (PRI).

Mr Salinas's reluctance to move against him was based on the calculation that the teachers could best be kept in line by a traditional chieftain.

The extent of the stoppage remains a matter of dispute between the rebels and the authorities. Even so, it is clear that the strongest CNTE support is in Mexico City, where an estimated 500,000 people were reported yesterday to be without teachers, and the states of Oaxaca and Chiapas.

The SNTE, with more than 1m members, is the largest union in Latin America, and very much part of the corporate state constituted by the PRI. Its members includes two senators, 18 federal deputies, 42 state assembly members and some 300 mayors.

Canada poised to tackle federal deficit

By David Owen in Toronto

ON THURSDAY afternoon in Ottawa, Mr Michael Wilson, Canadian Finance Minister, will deliver his fifth budget address.

It will be his most closely scrutinised package to date. High interest rates, political expediency and slower economic growth have contrived to convince Mr Brian Mulroney's re-elected government that now is the time to do something about Canada's federal budget deficit.

By the end of the 1988-89 fiscal year – if the government has not exceeded its projected budget deficit of C$28.9bn (£14.12bn) – Ottawa's accumulated debt will have swollen to C$321.1bn, or more than half of GDP. This represents a doubling in the space of five years (see table). At the end of fiscal 1981, accumulated debt totalled C$85.7bn.

The real position may be worse. The Finance Department has proved drastically over-optimistic in its year-ago projections of short-term interest rates. The rate paid on 90-day Treasury bills at the end of last week was 12.36 per cent. This compares with a Department forecast for 1989 of 7.8 per cent.

Canada's budget

Year	Deficit (C$bn)	Accumulated Debt (C$bn)
1981-2	14.9	100.6
1982-3	27.8	128.4
1983-4	32.4	160.8
1984-5	38.3	199.1
1985-6	34.4	233.5
1986-7	30.6	264.1
1987-8	28.1	292.2
1988-9p	28.9	321.1

Source: Canadian Government

Interest rates being higher than expected increase the cost of servicing Ottawa's accumulated debt, which was forecast to amount to C$32.1bn in 1988-89. If revenues fail to rise to a similar degree, the actual deficit will exceed original projections.

Even if the C$28.9bn 1988-89 target is hit, Mr Wilson will be unable to boast that his government has succeeded in reduce the deficit "in each and every year." Growth being faster than anticipated growth and tax revenues higher than anticipated helped to produce a 1987-88 deficit of C$28.1bn – C$1.2bn below expectations.

Indeed, rapid growth in personal tax takings have proved a great boon to Mr Mulroney's government since it was first elected in 1984. The government expects to collect more than C$45bn in income taxes from individuals in the year ended March 31, compared with C$29.3bn from that source in 1984-85.

In the light of such figures, the need to make meaningful inroads in the deficit in this first budget of the Conservative government's second term is generally recognised. Large question marks remain, however, over the specific measures that Mr Wilson will choose to adopt.

The spending cuts will be broadly based. Few departments – with the possible exception of Environment – can expect to escape the knife altogether. Tax increases will form part of the overall package, although the government's consciousness of the need not to undermine Canada's international competitiveness may reduce his room for manoeuvre, particularly in the corporate sector.

In terms of cuts, among the areas which appear most vulnerable are federal transfer payments to the provinces, unemployment insurance contributions, and foreign aid and defence spending.

All 10 provinces receive transfer payments for financing key programmes such as health, education and welfare. The seven poorest also receive equalisation grants. Such payments amounted to C$32.5bn, or some 25 per cent of overall federal spending, in fiscal 1988-89.

Cuts in the C$11.1bn defence budget are also anticipated. This could jeopardise Canada's plan to buy a C$8bn fleet of nuclear-propelled submarines from Britain or France.

Guyana 'will stick to austerity'

By Canute James in Kingston

THE Guyana government says it will not abandon a programme of economic austerity, introduced three weeks ago, despite a wave of strikes in key sectors, and isolated cases of arson and bombings.

President Desmond Hoyte stated that the strikes and protests were weakening the economy, but that the country needed the economic programme and a stand-by credit agreement it is hoping to sign with the International Monetary Fund in a few weeks.

The economic measures included a 70 per cent currency devaluation, which was followed by price increases of as much as 300 per cent.

The bauxite mining and sugar industries, pillars of the troubled economy, have been hit by strikes, which are costing the economy about $1m per day, according to officials.

The government said cane fields had been burnt by arsonists. The police report two bomb explosions in a week.

There is no indication of an early end to the opposition to the government's measures. Independent trade unions said the strikes will continue until "dialogue is established" with the government.

Austral slides further as inflation fear rises

THE ARGENTINE currency yesterday continued its recent slide against the dollar, reaching 87 australs to $1 in some exchange houses, Gary Mead writes from Buenos Aires.

Demand for US currency was fierce when markets opened, as dealers sought an escape from imminent hyper-inflation by buying dollars. At the Friday close, the austral had broken all records by reaching 72:$1.

The Government's economic team adjusted exchange rates on April 14 so as to calm currency speculation and lift the austral. Mr Juan Carlos Pugliese, Economy Minister, then announced a single free rate for the currency, with a "reference" rate (then fixed at 36:$1).

The reference rate is being used as a duty on all exports. Exporters should receive that rate for all foreign currency earnings, via the central bank. But many earnings elude it.

HK venture to market Abacus booking system

By Michael Marray in Hong Kong

HONG KONG'S Cathay Pacific Airways and Cable and Wireless (HK) are to form a joint venture company marketing the Abacus computerised reservation system in the territory.

The move is intended to lead to the eventual replacement of the separate Cutas and Tarex Plus systems currently operated by the two partners.

Abacus is being developed specially for the Asian market, with the active participation of Cathay, Taiwan's China Airlines, Malaysian Airlines, Philippine Airlines and Singapore Airlines. It will be introduced in phases from the middle of this year.

Abacus will be linked to Pars, the US-based system owned by Northwest Airlines and Trans World Airlines, and to the European Amadeus system.

The three will between them create the world's largest computerised reservation system, combining bookings for airlines, hotels and car rentals.

In addition, Japan's All Nippon Airways and Abacus recently signed a memorandum of understanding to carry out a feasibility study on delivering the system to the Japanese market.

The Hong Kong joint venture marketing company involving Cathay and Cable and Wireless will start operations by August 1.

A similar marketing company was launched last month in Singapore and others will soon be set up in other countries within Asia, starting with Malaysia, the Philippines and Taiwan.

Hungarians turn to West to beat waiting list for Ladas

By Leslie Colitt in Berlin

HUNGARIANS who want to get round the long waiting list for a Soviet-built Lada can now buy the car without delay – from the West.

A Hungarian company in Győr has begun importing Ladas from West Germany and Austria and selling them for hard currency to eager Hungarian buyers. The arrangement solves Comecon's most pressing problem, the unwillingness of members to sell desirable goods to each other because of the lack of a convertible currency.

The new Lada Samara and Lada 1300 cars are being supplied by ATM Export-Import in West Germany and Karl Grois in Austria. The Samara costs Hungarians DM9,650 (£3,030) plus 10 per cent customs duty, compared with a price of DM11,700 in West Germany.

The Hungarian importer, however, was unable to buy the cars directly from the Soviet Union for hard currency as this was not provided for under Soviet trade regulations.

More than 50 per cent of the cars Hungarians bought privately in the West this year were Ladas and Czechoslovak-made Skodas. They were chosen over Western cars solely because of their low price and cost of repair in Hungary. Customs duties were lowered on privately-imported cars this year to ease pressure on the waiting list for cars which rose to more than 300,000.

Four timss as many cars were bought in the West in the first two months of the year compared with 1988.

The Hungarians scored something of a coup last month by arranging to import 15,000 East German Wartburg cars with new Volkswagen Polo engines produced under licence. The old engines powering the Wartburg and Trabant cars use a petrol-oil mixture and are a prime source of pollution in Eastern Europe.

Few East Germans, however, are able to buy a Wartburg car with the new engine even after waiting an average of 12 years. The VW-engined Wartburgs may have been obtained by providing more Hungarian currency to East Germany so that its citizens may take holidays in Hungary which is the most popular holiday destination.

Hungary has long sought to assemble Western cars and last year it signed a letter of intent with Daewoo of South Korea under which Hungary would supply car components and assemble Daewoo cars.

Nissan to import Y100m of Intel chips

NISSAN Motor will import semiconductors valued at about Y100m (£440,000) from Intel Corporation of the US in the fiscal year which began this month, Nissan said yesterday, AP-DJ reports from Tokyo.

Although the size of the purchase remains modest, the imports follow increasing demands by Washington that Japan increase its imports of foreign semiconductors to avoid being named as an unfair trader under the strengthened US trade law.

The US semiconductor industry has been especially critical of the Japanese car industry, which has lagged behind Japan's electronics industries in increasing its foreign chip sourcing.

While the top five electronics manufacturers buy about 18 per cent of their semiconductors from forsign companies, car manufacturers buy less than 2 per cent from abroad, according to the Japan office of the US Semiconductor Industry Association.

The Intel EPROM chips will be used to control ignition timing, petrol injection and other aspects of electronic engine control, according to Nissan.

Nissan began importing 16-bit chips for its Leopard model from Intel last year.

Brazil and China to sell satellite services

By Ivo Dawnay in Rio de Janeiro

BRAZIL and China are set to expand their co-operation in satellite ventures with a new joint project aimed at selling technology and services to Third World customers.

Last July during a state visit to Peking, President José Sarney signed a $150m (£87.7m) deal under which the two countries would build up to five low-orbit remote sensoring units, using Chinese Long March 2 launchers and Brazilian ground stations.

It has now emerged in Brazil that the project is to be expanded into a commercial collaboration between Avibras, a São Paulo private sector arms and technology company, and Great Wall Industry Corporation, controlled by the Chinese Aviation Ministry.

After lengthy secret talks, the two companies have agreed to set up a London-based trading company, International Satellite Communication (Intscom), to offer space equipment to other developing countries.

The project, still at the seed capital phase, was planned to be announced at the Paris air fair in June, but has been leaked in the Brazilian press.

While remaining strictly civil in objectives, the scheme aims to extend co-operation beyond the meteorological and photographic satellites planned in last year's deal to communications applications.

China has successfully put into orbit several satellites for its own use using the Long March series of rocket-launchers. However, it has failed to break into foreign sales.

Avibras has grown rapidly with sales of its military Astros-2 saturation non-guided ground-to-ground rockets. Iraqi orders during the Gulf War brought it sales of $322m in 1987 out of a total of $800m for the Astros system. But since the end of the war, the company's fortunes have slumped as Iraq has delayed payments.

An independent analyst said the proposals would offer Brazil a useful transfer of skills and a means of shelving its own $100m satellite programme which has been delayed by technical and funding problems.

India gears itself up to step into the export shoes of the Asian tigers

R.C. Murthy looks at the long-term strategy of the ExímBank

INDIA'S Export-Import Bank is helping prepare the country to step into the manufacturing export shoes of the newly-industrialised countries by the turn of the century. Central to the bank's strategy is a programme of upgrading the technology of existing industry. Seven product categories – castings, diesel engines, bicycle and automotive components, machine tools, nuts and bolts, pumps and hand tools – have been singled out for attention.

The Eximbank has committed Rs10bn (£385m) in its seven-year existence to production and marketing to promote exports of some Rs40bn. A $10m World Bank line of credit handled by the bank is expected to generate Rs8bn worth of business in the next five years.

The Eximbank is optimistic about a breakthrough in exports of manufactures to the European Community and North America in the next few years. India's trade gap with the EC alone accounts for more than half its $6.41bn overall trade deficit in the year to March 1988. The deficit widened further to $7.4bn last year.

Optimism at the Eximbank contrasts with the gloom five years ago that greeted a study at the instance of the World Bank which found none of the country's engineering products could be exported.

The sea-change in the outlook at the Eximbank follows pressure on the country to export more, a more conducive international environment, and policy measures that have had far-reaching impact.

A responsive exchange rate was introduced that kept the external value of the rupee low, neutralising domestic inflation. And the rupee was devalued by 12 per cent against the US dollar last year.

INDIA'S TRADE ($bn)

	Imports	Exports	Gap
1980-1	15.86	8.32	−7.54
1981-2	15.48	8.66	−6.82
1982-3	15.42	9.45	−5.97
1983-4	15.11	9.83	−5.28
1984-5	15.71	10.06	−5.65
1985-6	17.29	9.46	−7.83
1986-7	17.74	10.42	−7.32
1987-8	19.39	12.98	−6.41
1988-9†	16.97	11.98	−4.99

Statistical period is from April-March
†April-February (11 months)
Source: Government of India

Profits made from exports are now tax rebatable, thereby making production for export more attractive than for the domestic market.

Further, there has been a sharp increase in trade in manufactures triggered partly by investment-led growth in the industrialised countries.

As a result, the share of manufactures in India's total exports has jumped to 70 per cent from 60 per cent five years ago. Mr Kalyan Banerji, Eximbank chairman, says this share will rise to 85 per cent in the next five years.

But there is still a long haul before India breaks even in external trade.

Meanwhile, India's debt service burden has risen steadily to around 24 per cent of exports of both merchandise and invisibles and is expected to peak in the next two years as repayments on a $3.9bn loan to the International Monetary Fund fall due.

New Delhi has for the first time set up a working group to chart out a framework for action on industrial exports. Mr Banerji says by the year 2001 India, along with China, will enter the market vacated by South Korea and Taiwan, which are graduating to high value-added items.

At the same time, the industrialised countries are moving out of low-technology areas, such as components manufacture, machine building and steel-based industries, offering opportunities for India there too.

Moreover, the Eximbank has devised a three-prong strategy strategy to boost exports to developing countries, which in the long run are expected to be the main customers for Indian capital goods.

First, an attempt will be made to promote exports through "trade diversion" – sourcing Indian imports from a country that wants to have Indian products but is unable to buy. This is designed to generate purchasing power in those countries for Indian exports.

Second, India plans to offer technical credits to debt-ridden Latin American countries, which are strapped for hard currency for trade. In May, for example, the Eximbank and the Mexican Government are extending to one another a $20m reciprocal credit line to facilitate bilateral trade.

Third, India is to enter the London forfaiting market to boost exports to Africa, where many countries find Indian products cheaper than elsewhere and of acceptable technology but are unable to buy at present. The Eximbank hopes this year to promote $50m in exports using this instrument and double that in two years.

By the turn of the century, India's manufacturing exports are expected to increase to $18bn a year from the present $10bn.

However, Mr Banerji warns that the next two years are crucial for Indian exporters. The foreign exchange crunch should not halt the liberalisation process and the country should not revert to a protective trade environment, he says.

Already, the exporter is at a disadvantage with several regulations, including restrictions on foreign travel. These regulations will have to be eased if he is to compete effectively overseas.

Copyright holders name 12 pirate nations

AMERICAN copyright holders have asked Mrs Carla Hills, the US Trade Repressntative, to target 12 nations as major pirates of films, music, books and computer software if the 12 do not move promptly to end the practice, Reuter reports from Washington.

They said piracy by the 12 was costing US industry $1.3bn (£760m) in annual sales and that another $95m was lost because their markets were closed to legitimate US products.

A recording industry official said much of the piracy was government-condoned.

The International Intellectual Property Alliance cited these countries and the value of losses: China, $418m; Saudi Arabia, $189m; South Korea, $165m; India, $153m; the Philippines, $117m; Taiwan, $90m; Indonesia, $80m; Brazil, $68m; Egypt, $65m; Thailand, $61m; Nigeria, $39m; and Malaysia, $32m.

Under the 1988 Trade Act, Mrs Hills has until May 30 to list countries that consistently practise unfair trade and is then to open talks with them to end the practices, under a threat of trade retaliation.

Mr Eric Smith, the Property Alliance's general counsel, said talks were being held with all the offending nations except Nigeria, which recently passed a copyright law.

Other govsrnmsnts also have copyright protection laws, trade sources say, but have not enforced them.

Indonesia recently passed a copyright law but textbook and software piracy remained serious problems.

Mr Jay Berman, president of the Recording Industry Association of America, said that "in most cases, they [pirating actions] go on with the government condoning it".

Mr Smith said if the 12 did not take positive steps to end the piracy by next month the Property Alliance wanted Mrs Hills to target them for the special trade treatment.

He said the Property Alliance published a similar list of 10 nations four years ago but since then one country, Singapore, has been removed and three added – China, Saudi Arabia and India.

Mr Smith said Singapore's moves to end piracy was a major achievement but "we must finish the task in the Pacific rim".

Mr Smith added: "We must now turn to the task of the Middle East, chiefly Saudi Arabia and the Gulf Co-operation Council."

LEGAL COLUMN

Buyer claims on mortgage survey

SMITH v ERIC S BUSH; HARRIS AND ANOTHER v WYRE FOREST DISTRICT COUNCIL AND ANOTHER
House of Lords (Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Templeman, Lord Griffiths and Lord Jauncey of Tullichettle): April 20 1989

A *SURVEYOR* who values a house for mortgage purposes knowing the buyers have paid for the valuation and will probably rely on his report, owes a duty to the buyers as well as to the mortgagee to exercise reasonable skill and care in inspecting the property; and in such circumstances notice of disclaimer of liability for negligence is unreasonable and ineffective to protect the surveyor, in that he must have realised the buyers would put their trust in his expertise.

The *House of Lords* so held when dismissing an appeal by Eric S Bush, surveyors, from a court of Appeal decision that they were liable to the respondent mortgagor, Mrs A P Smith, in respect of a negligent house survey carried out by them on the instructions of mortgagee building society; and when allowing an appeal by mortgagors, Mr and Mrs A P Harris, from a decision that they were not entitled to damages as against the mortgagee local authority, in respect of a negligent house survey carried out by its employee. Section 2 of the Unfair Contract Terms Act 1977 provides: "(1)A person cannot by reference to any contract term or to a notice . . . (2) . . . exclude . . . liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness."

LORD TEMPLEMAN said that in *Harris v Wyre Forest* Mr and Mrs Harris signed a council mortgage application form containing a declaration that "we understand that . . . no responsibility is implied" for the valuation report.

The council instructed its own employee to carry out the valuation. It offered to advance £8,505 to Mr and Mrs Harris. They assumed from the offer that the surveyor had not found serious defects. They therefore accepted the offer and bought the house for £9,000. Three years later they found that the house was defective. The damages suffered were agreed at £12,000.

The trial judge held that the surveyor did not exercise reasonable skill and care and that the council, as his employer, was vicariously liable. He ordered the council to pay $12,000. The Court of Appeal allowed the council's appeal on the ground that, by the notice in the application form signed by Mr and Mrs Harris, the council had avoided incurring liability. Mr and Mrs Harris now appealed.

In *Smith v Bush* Mrs Smith applied for a building society mortgage. She paid the society an inspection fee of £36.89 and signed an application form declaring that "I understand that neither the society nor the surveyor . . . will give any assurance to me that the . . . report and mortgage valuation will be accurate."

The society instructed Eric S Bush to carry out the valuation. Their report stated "No essential repairs are required." A copy of the report was supplied to Mrs Smith. In reliance on the report she accepted £3,500 from the society, and bought the house for £18,000.

Eighteen months later the chimneys collapsed and fell through the roof. Two chimney breasts had been removed. The surveyor had observed their removal, but had not checked to see that the chimneys above were adequately supported.

The trial judge held that the surveyor had not exercised reasonable skill and care and that his firm was liable to Mrs Smith for £4,379 damages. He ignored the notice disclaiming liability in the application form. The Court of Appeal held that the disclaimer was not fair and reasonable and was ineffective under the Unfair Contract Terms Act 1977. They affirmed the damages. The firm now appealed.

The first question was whether the valuers were liable to the purchasers in negligence. The common law imposed on a person who contracted to carry out an operation an obligation to exercise reasonable skill and care.

It also imposed an obligation to exercise reasonable skill and care where there was no contract. Where the relationship between the operator and a person who suffered damage was sufficiently proximate and where the operator should have foreseen that his carelessness might cause the damage, he was liable in negligence.

The 1977 Act prohibited the exclusion or restriction of liability for negligence resulting in loss or damage, unless the term or notice of exclusion satisfied "the requirement of reasonableness." The two appeals were based on allegations of negligence in circumstances which were akin to contract. Mr and Mrs Harris paid £22 to the council for a valuation. The council employed and therefore paid the valuer for whose services it was vicariously liable. Mrs Smith paid £39.89 to the building society for a report and valuation, for which the society paid the surveyors. In each case the valuer knew or ought to have known that the purchaser would only contract to purchase the house if the valuation was satisfactory, and might suffer damage if he did not exercise reasonable skill and care.

In the absence of disclaimer of liability, the valuer who valued a house for mortgage purposes knowing that the mortgagee would rely and the mortgagor would probably rely on the valuation, and knowing that the mortgagor had in effect paid for the valuation, was under a duty to exercise reasonable skill and care.

That duty was owed to the parties to the mortgage for which the valuation was made. The second question was whether the disclaimers of liability were notices falling within the ambit of the 1977 Act. The Court of Appeal held that the Act did not apply to "negligent *misstatements* where a disclaimer had prevented a duty of care from coming into existence."

That confused the valuer's report with the work which he carried out to make his report. He owed a duty to exercise reasonable skill and care in his inspection and valuation. If he had been careful in his work, he would not have made a "negligent misstatement" in the report.

The disclaimers of liability constituted notices which fell within the 1977 Act and must satisfy the requirement of reasonableness. The third question was whether it was fair and reasonable for the valuers to rely on the notices. A valuer was a professional offering his services for reward. He was paid for those services. He knew that 90 per cent of purchasers relied on a mortgage valuation, and did not commission their own survey.

A purchaser would know that mortgagees such as building societies and the council were trustworthy, and that they appointed careful and competent valuers. He would trust the professional so appointed. The valuer knew full well that failure on his part to exercise reasonable skill and care might be disastrous to the purchaser.

It was unfair and unreasonable for a valuer to rely on an exclusion clause directed against a purchaser in the circumstances of the present appeals. It was open to Parliament to provide that members of professions providing services for reward should be entitled to exclude or limit their liability for failure to exercise reasonable skill and care.

Without such provision, valuers were not entitled to rely on a general exclusion of the common law duty of care owed to house purchasers to exercise reasonable skill and care.

The public were exhorted to purchase their homes and could not find houses to rent. A typical London suburban house, constructed in the 1930's for less than £1,000, was now bought for more than £150,000 with money borrowed largely at high interest rates.

It was thus not fair and reasonable for building societies and valuers to agree to impose on purchasers the risk of loss arising as a result of the valuer's incompetence or carelessness.

His Lordship agreed with Lord Griffiths's warning that different considerations might apply where homes were not concerned. The appeal was allowed in *Harris*. In *Smith* the appeal was dismissed.

LORD GRIFFITHS concurring, reserved his position in respect of valuation of quite different types of property for mortgage purposes, such as industrial property, large blocks of flats or very expensive houses.

Lord Jauncey gave a concurring judgment. Lord Keith and Lord Brandon agreed with all three judgments.

For Mrs Smith: Robert Seabrook QC and Phillip Havers (Hood Vores & Allwood).
For the surveyors: Nigel Hague QC and Jane Davies (Barlow Lyde & Gilbert).
For Mr and Mrs Harris: Anthony Colman QC and Malcolm Stitcher (Thursfield Adams & Westons)
For the council: Piers Ashworth QC and Nicholas Worsley (Lawrence Graham).

Rachel Davies

MPs voice doubt on Lawson view of trade trends

By Ralph Atkins, Economics Staff

MR NIGEL LAWSON, the Chancellor of the Exchequer, is relying on an "ambitious reversal" of import and export trends just to hold the UK trade deficit stable in 1989, an all-party House of Commons Committee warned yesterday.

There is a strong chance that export growth might fall this year as a result of a slowdown in world trade and lost competitiveness, the report published by the Treasury and Civil Service Select Committee cautions. Treasury expectations of an acceleration "appear optimistic".

The report is sceptical of Government arguments that a slowing in domestic demand, and strong investment, will release capacity for boosting exports. It considers it "very difficult" to square Treasury projections for the current account with its forecasts for growth.

In his March Budget, Mr Lawson forecast a current account deficit of £14.5bn in 1989, compared with an actual £14.7bn last year. Figures released last month, however, showed the deficit running at an annual rate of about £20bn in the first two months of the year.

The report says the increase in domestic demand expected by the Treasury in 1989 is still high by historic standards. "It is not clear that a 2.5 per cent growth rate this year will leave much capacity available for exports even if resources can be moved from domestic to export production within a short time-scale."

The report, which was widely expected to criticise tax cuts in the 1988 budget, acknowledges that unsustainably high growth in domestic demand was already developing beforehand. It says the primary reason lay in the conduct of monetary policy.

However, it says: "The combination of intense competition in retail credit and the expectations generated by the announcement of tax cuts seems likely to have added to the growth of credit and had a powerful effect on demand through its effect on consumers' confidence."

The report, which was agreed unanimously by members of the committee, repeats a warning issued after November's autumn statement on the Government's spending plans that Mr Lawson is walking a tightrope.

The rise in base interest rates might have a sudden impact on demand, leading to recession. But if the effects take too long to materialise, a loss of confidence and fall in sterling could lead to a resurgence of inflation.

Uncertainly exists about the extent to which policy is biting, the report notes, adding: "Timing (not least in the provision of statistics on the 'slowdown') is crucial."

Hereford Cathedral to form Mappa Mundi plc

A MEDIA conference to launch one of the most unusual companies ever, Mappa Mundi plc, will be held at the offices of Lowe Bell Financial, in the City of London financial district on Wednesday April 26.

Mappa Mundi is offering the public 7,450 shares at £1,000 each to raise more than £7m.

The funds will be used for repairs and maintenance to the Hereford Cathedral where the Mappa Mundi, a thirteenth century map of the known world has hung for more than 600 years.

Last year the Cathedral sparked controversy by announcing that it would have to sell the map to pay for upkeep and repairs.

Shareholders will receive a facsimile of the map, signed by the Bishop and the Dean and numbered. The certificate is expected to become valuable in its own right.

London set to lose 01 telephone dial code

By Hugo Dixon

LONDON's premier 01 dialling code will be replaced next year, British Telecom plans to announce today.

On May 6 1990, the 01 code will be replaced by two new codes: 071 for central London – roughly the area within a four mile radius of the Charing Cross, but also including the Docklands; and 081 for outer London.

The capital will thus be put on a similar footing with the UK's other major cities, such as Birmingham and Edinburgh which have the three-digit codes 021 and 031 respectively.

The change has been forced by a shortage of available telephone numbers in London resulting from a growing demand for telephone lines and new services.

A similar shortage is developing throughout the UK, though it is not so acute outside London. A complete restructuring of the nation's numbering system, which will probably involve adding one digit to every number, is being planned for the mid-1990s.

By splitting London into two zones, the supply of numbers will automatically double as the same number could be used in both central and outer London.

However, this will also mean that people will have to remember which part of London they are calling.

People will have to use the codes if they are calling from outside London or from one London zone to another. However, calls within the same zone will not require a code.

A list of which numbers fall into which zone will be published in the telephone directories. Customers will also be able to phone a special helpline if they have problems with the new system. Foreign telecom operators are being informed of the change so that calls from abroad will be correctly routed.

Immediately after the change, anybody calling 01 by mistake will be diverted to a recorded message telling them the code has been changed. In the longer run, they will hear a long tone, informing them tha number is unobtainable.

Soviet managers satisfy curiosity of Britain

By Michael Skapinker

MR KIRILL SMIRNOV, director of Leningrad's Astron Centre of Scientific and Technical Research, has come to the UK because he believes that Britain has a lot to offer the curious Soviet manager.

"This country has been through the experience of changing its industrial structure," he says.

Mr Grigory Lubar, director of the Moscow Experimental Plant of Soft Drinks, came because he was invited.

Soviet managers have so much to learn that it doesn't much matter where they go on this visit to Britain.

Mr Smirnov and Mr Lubar are part of a group of 20 senior Soviet managers and government advisers who yesterday began a three-week course at the London Business School. The visit is something of a coup for LBS.

The school says that this is the first programme of its kind for senior Soviet managers to be held in any business school in the Western world.

The Soviet managers' will attend seminars run by the LBS faculty. Most of their time, however, will be spent visiting some of Britain's biggest and most succeaful companies suchas ICI, Rank Xerox, British Steel and J. Sainsbury, the grocery retailer.

Although Sainsbury's appears to have become a firm favourite of the serious Soviet visitor, it was British Steel which had fired the imagination of group at LBS.

Once a struggling state concern, it is now a respected private one. The Soviet managers want to hear how it was done.

Tha Moscow Experimental Plant of Soft Drinks has also escaped clutches of the state. The company now leases its plant from the government and distributes its profits to the employees. Why the plant is experimental is not entirely clear. Mr Lubar says that it already makes 40 sorts of soft drinks, all from natural ingredients. One, called *kvass*, is made from black bread.

Industrial relations is another topic on the Soviet managers' agenda. They will visit the Amalgamated Engineering Union and will talk to ICI's personnel manager about how to negotiate new working practices.

That is an area in which Mr Smirnov of the Astron research centre seems to need little help. Astron does contract research for scientific institutes and companies. His researchers all have other jobs and work for him on the weekends and in the evenings.

Each group of researchers gets a fixed amount for each contract, providing every incentive to keep the groups small and finish work as soon as possible. "That's why I have no trade union problems," he says.

Lawyers for ex-Guinness chief give warning over trial costs

By David Churchill

THE LEGAL FIRM representing Mr Ernest Saunders, the former chairman and chief executive of Guinness, the international drinks group, has given a warning that it may be unable to represent him further unless adequate legal aid is forthcoming.

The move follows negotiations between Landau and Landau, the legal firm representing Mr Saunders, and the legal aid authorities over the size of aid Mr Saunders can expect.

Mr Saunders is facing the possibility of two trials in connection with criminal offences arising out of the Guinness takeover of Distillers in 1986.

In the High Court in London last December he won the right to legal aid for his defence against 46 criminal charges relating to the Guinness affair.

It is understood that Mr Saunders' legal aid has effectively been limited to £400,000 although it is expected that his defence costs will come to more than £1m.

In a letter to Mr Saunders, published at the weekend, Mr Norman Turner of Landau and Landau warns that the firm may have to withdraw if a firm commitment on legal aid is not forthcoming.

"I have no intention on compromising on the quality of the defence work you need, and therefore my partners and I have reluctantly been forced to the conclusion that unless there is a change in the immediate future in the attitude of tha legal aid authorities regarding adequate funding we will regrettably be unable to represent you."

However, Landau and Landau will continue to act for Mr Saunders until at least after this Thursday's arraignment hearing at which the plea and other issues will be heard.

Mr Turner in his letter also strongly criticises the Serious Fraud Office which is responsible for bringing the prosecution. "You are aware that in the Serious Fraud Office you are dealing with a newly formed prosecution organisation that has a seemingly limitless budget and needs to prove itself; indeed you might say it is a prosecutor in search of a victim."

The trial involving Mr Saunders and six other defendants is not expected to start until the autumn of this year.

Lawson rebuffed on EC money union

By Guy de Jonquières, International Business Editor

SIR John Hoskyns, scourge of the Brussels bureaucracy, yesterday took issue with the abrupt rejection by Mr Nigel Lawson, the Chancellor of the Exchequer, of the Delors committee report on Economic and Monetary Union.

Naming neither Mr Lawson nor the Government, he told a conference of the European Movement in London: "Instant dismissal of ideas – however wrong-headed those ideas may appear – makes careful thinking by those you seek to persuade less likely."

Sir John, outgoing director general of the Institute of Directors, suggested that sceptics should instead ask hard, practical questions about what the proposals entailed.

He made clear, however, that any differences he had with the government on Emu were on tactics, not substance, and that his well-advertised doubts about the European Commission and Mr Jacques Delors, its president, remained.

"I think that Mr Delors, frankly, is suffering from the political equivalent of merger mania. At first reading, his proposals seems to provide a classic example of the Commission's mechanistic tendency to confuse economic cause and consequence, which I think lies at the root of so much of its muddled thinking."

Record £15m sought for former Sopwith estate

Financial Times Reporter

COMPTON MANOR Estate, near Stockbridge, Hampshire, in southern England, the home for more than 40 years of Sir Thomas Sopwith, the pioneer aviator, industrialist and yachtsman came on the market yesterday at a price in the region of £15m.

It is record asking-figure for a British country estate and the agents handling tha sala say they expect to make a record sale price.

The 2,175-acre estate, in the Test Valley, includes a Georgian mansion, four farmhouses, a lodge and 25 cottages.

Sir Thomas, who died in January aged 101, bought the estate for £130,000 in 1945. That price included nearly 700 more acres than the property now has.

The house, which has six reception rooms and 10 principal bedrooms, dates from 1810, and was at one time owned by the Hennassey family of Cognac. The agents estimate that it needs £500,000 to £1m spent on it.

Much of the value of the estata itself lies in the quality of tha pheasant shooting and the extent of the six miles of fishing on the River Test, Britain's premier trout water. Substantial interest in the property has has already been shown from Britain and abroad, the agents say.

House price falls reported

By Andrew Taylor, Construction Correspondent

HOUSE prices have fallen in many parts of England and Wales in the first quarter as higher home loan interest rates have deterred buyers, says a national survey of estate agents.

The Royal Institution of Chartered Surveyors last month asked 155 estate agents about price trends since the start of the year. More than a fifth said prices had fallen. Less than half said prices were static.

The survey showed house sales and prices in some parts of northern England, which previously have remained buoyant, are also coming under pressure.

Almost a third of estate agents questioned by the institution in south east England said prices had fallen. Two thirds said prices had remained static. Less than 1 per cent said prices had risen.

Falling sales and house prices, have hit estate agents hard, particularly in the south. Nationwide Anglia one of Britain's largest estate agents said in January it would be closing 50 of its 510 branches, while Bairstow Eves in London said in November it would shed 100 out of 1,200 jobs.

UK NEWS

Union votes to end merger talks with electricians

By Michael Smith, Labour Staff

PLANS to create a politically moderate super union of skilled workers were dealt a possibly fatal blow yesterday when the AEU engineering union voted to halt merger talks with the EETPU electricians' union.

The surprise decision by the AEU's national committee, which decides union policy, are likely to end EETPU hopes of securing an early return to the Trades Union Congress, the union confederation, after its expulsion last September.

It will also disappoint manufacturing employers who favour union mergers as a way of simplifying collective bargaining.

Mr Eric Hammond, general secretary of the EETPU, last night urged engineering union leaders ballot all members on the merger. Such a move is allowed under AEU rules, but would infuriate large sections of the 121-member national committee.

Mr Bill Jordan, the AEU president and a strong advocate for the merger, said yesterday that the national committee had made an unequivocal statement and that the executive had a long-standing respect for its decisions. The qnestion of a vote would be discussed at next Tuesday's executive meeting.

The crucial motion carried at yesterday's conference laid down that merger talks should be held only with TUC-affiliated unions and that they should be pursued on the basis of "keeping our unions' democratic structure."

Executive members, including Mr Jordan and Mr Gavin Laird, general secretary, had backed an amendment removing the TUC affiliation clanse and deleting specified instances of tha "democratic structure," including continued alaction, rather than appointment, of full-time officials. The amendment fell by 61 votes to 58.

The derailment of the AEU-EETPU merger talks follows two years of talks.

An end to negotiations would be the latest in a series of failed attempts in recent years by the engineers to join with other unions.

Part of the reason is that the AEU union believes it has the most democratic procedures among UK unions and does not want them jeopardised. While AEU officials are elected by the membership, for instance, those of other unions, including the EETPU, are appointed.

Although the electricians had agreed that the merged unions' conference should have power to make policy, AEU national committee members yesterday were concerned that a report drawn up hy union officials said that future rules should he "determined" by conference policies rather than decided by it.

Worries were also expressed about the future role of the AEU's district committees, which Mr Ron Yarwood, a delegate from Northwich, who helped lead opposition to the executive-backed motion, said would be reduced to toothless advisory bodies after a merger.

Resentment on the line at the BBC

John Gapper on the mood among pickets during the 24-hour strike

THE dapper figure of newsreader Mr Nicholas Witchell appeared in front of two sets of television cameras yesterday. One was inside Television Centre, filming curtailed editions of the BBC News. The other was taking pictures of a picket line outside the BBC headquarters.

Mr Witchell came outside to explain to his BBC colleagues standing in the London drizzle why he was not ohserving their 24-hour strike for higher pay. "The overriding principle is that the BBC news must contime," he said.

His faith in the ideal of public service broadcasting is one which most of the technicians and journalists on the picket lina share. Bnt unlike him, their faith has heen undermined by other events this year.

One of the most irritating of these has been improvements to the pay and conditions of BBC managers reaching up to Mr Michael Checkland, director-general and Mr John Birt, his deputy who came from the independent London Weekend Television.

Mr Checkland's determination to improve BBC management has led him not only to accept a pay rise of £20,000 last year, but to introduce what is known as the "professional package" for senior managers, inclnding company cars and bonuses.

On tha picket line this induced two forms of resentment. The first was simply that they were being offered much smaller pay rises. The second was that Mr Checkland had invoked the private sector in justifying managers' rises.

"They cannot have it both ways," said Mr Ian Anderson, 30, a producer on the Six O'Clock News, "They are trying to have a free market philosophy for senior staff, and a puhlic service philosophy for the rest of us."

Private sector comparability has become an even more touchy issue for BBC employees than other public sector workers. Although pay has always lingered hehind independent television, the gap has widened in the past five years.

The Government's attempt to squeeze value for money out of the corporation by indexing the licence fee has limited the BBC's options in trying to correct this. All television owners are obliged to pay the licence fee, which is the BBC's predominant means of support. It has committed itself to reducing staff costs by 1 per cent a year up to 1993.

Beyond this, doubts about the future of broadcasting has damaged the BBC's traditional appeal as a safe employer which can afford to pay less than the more freewheeling and insecure ITV companies.

The upshot is that BBC journalists and technicians have mada a stand against this year's 7 per cent pay offer this year, arguing that they will leave and the BBC will he unable to recruit replacements if pay falls further behind.

"The BBC used to be like the Civil Service. People would take lower pay to come here because of the security," said Mr Phil Kelsh, a senior recording engineer.

At tha lower end of pay scales, damage to the BBC as an institution was less the core reason for a protest over pay than the high cost of living in London, worsened by inflation and mortgage rate rises.

Mr Stephen Ebanks, 27, a scenery operative, said he needed to work overtime to keep his two-bedroom house in Northolt, Middlesex. "Without it, I would lose my house. Even before the interest rate rise, I was only just surviving."

Mr Witchell was unwilling to discuss his earnings. But even he acknowledged that pay was becoming a problem for most of his colleagues. "It is a big problem for the BBC and for pnblic service broadcasting, how it carries on effectively when it does not have the resources to reward its staff properly," he said, before returning inside.

Board to impose 7% pay rise

THE BBC said yesterday that it intended to impose a 7 per cent pay rise for its 23,500 staff without further talks despite a 24-hour strike which considerably disrupted programmes, writes John Gapper.

The two main BBC staff unions estimated that about 18,000 staff had joined the strike across the country. In London, BBC news programmes were badly hit by walkouts at London broadcasting centres.

The National Union of Journalists said that a further 24-hour strike might be held if the BBC did not respond to the action. However, Mr Michael Checkland, BBC director-general, intends to pay the 7 per cent increase into staff salaries on May 1.

The BBC paid rises of 4.5 per cent for the last two years.

South Africa orders official inquiry on Blowpipe affair

By Anthony Robinson and Richard Donkin

MR PIK BOTHA, the South Foreign Minister, last night sought to distance the South African Government from the latest hungled attempt to acquire British missile technology.

Pretoria, which appears to be deeply concerned at the political damage this latest undercover operation could do to its relations with the British Government, has opened an official inquiry.

A statement from Mr Botha defended the right of Armscor, the state-controlled arms corporation, "to consider offers of weapon technology." But ha added that sucb attempts "occurred without the knowledge of tha Government if they exceeded South Africa's reasonable requirements."

The statement appeared to confirm implicitly that the Soutb African diplomat detained in Paris last week while trying to aquire parts of a top-secret Blowpipe missile from three members of the UDA, the Ulster paramilitary organisation, was working for Armscor. It was accompanied hy an "assurance" that tbe South African Government "is not supplying arms to any terrorist organisation."

According to reports in the French press the three UDA men were seeking South African small arms and ammunition in return for the stolen missile parts.

Sir Geoffrey Howe, the British Foreign Secretary, told the House of Commons yesterday that the Government was seriously concerned about the implications of the affair.

He was responding to an emergency question tabled by Mr Gerald Kaufman, Labour's foreign affairs spokesman. Sir Geoffrey said that Mr Rae Killen, the South African ambassador in London, bad been summoned to tbe Foreign Office yesterday morning.

Mr Kaufman alleged a conspiracy in which South Africa had supplied so-called loyalists with lethal weapons for use in terrorist actions in Ulster in the quest for access to information, models and replicas of British missiles.

"Is it oot a fact weapons supplied by South Africa as part of this bloodstained deal have already been responsible for the deaths of innocent people in Northern Ireland?" he asked, claiming also that South Africa-snpplied grenades had been thrown at Ulster police.

Kleinwort cuts jobs in restructuring

By Clive Wolman

KLEINWORT BENSON, one of the City of London's leading investment banks, yesterday made redundant 33 people as part of a restructuring of its gilt-edged and debt operations and the closure of its North American equities operation.

The bank's gilt-edged and Eurobond operations, like those of most securities firms, have been suffering heavy losses for the last two years as a result of the excessive competition and diminishing volume of trading.

The two divisions are now being slimmed down, the development and trading of derivative debt products is being rationalised and the settlements and systems staff are being integrated with those of the bank's equities divisions.

Of 160 staff employed in the debt divisions, 25 have been made redundant of whom 20 are based in London.

The redundancies cover market-makers, salesmen, analysts, back office staff and two directors of subsidiaries.

Kleinwort Benson is continuing its market-making and trading of American Depositary Receipts, an instrument for packaging foreign shares to make them suitable for trading on the US stock markets. It will also continue to trade stocks in other overseas markets, in particular in the Far East.

However, it is pulling out of the sales and trading of US and Canadian common stocks. This has meant the redundancy of eight people, seven in London and one in New York.

Top Plessey man joins Westland

By Hugo Dixon

MR ALAN JONES, the managing director of Plessey's UK defcnce husinesses, has been appointed chief executive of Westland, the UK helicopter company.

The UK electronics company, which is struggling to maintain its independence in the face of a hostile bid from General Electric Company of the UK and Siemens of West Germany, said Mr Jones' had made a "straightforward and sensible career move."

Plessey denied that Mr Jones' departure was a blow, and that it would be cynical to suggest that his departure cast any deubts on the company's chances of defeating a takeover.

Even so, the joh switch comes at a critical time for Plessey. Only last Friday, the Monopolies and Mergers Commission gave GEC and Siemens conditional clearance to relaunch their bid.

Under GEC and Siemens' plans, Plossey's defence businesses – which have a UK turnover of £600m a year – would be carved up between them. This would have left Mr Jones without a job.

Mr Jones said be would have been just as keen on the job at Westland if he had been offered it 18 months ago.

He explained the speed of his departure – ha will start his new job next Tuesday – by saying it is "never good someone hanging around."

Plessey has not yet decided on a replacement for Mr Jones. There was "no dramatic urgency to take care of the position," it said.

Mr Jones, 49, had in the past been rumoured as a possible candidate to take over as chief executive of Plessey when Sir John Clark retired. However, earlier this month, Mr Stephen Walls, Plessey's managing director, was promised that job.

Universities face funding reforms

By David Thomas, Education Correspondent

THE Government will today unveil changes in university funding designed to increase the incentives for institutions to recruit students by raising the amount of income deriving from course fees.

Differential fees for science and arts subjects are likely to be proposed for the first time in recent years in a bid to bring them more into line with costs.

The basic tuition fee paid out of public funds is now set at a notional £607 a year for every student. Education Ministers will announce a substantial rise in this figure while cutting the central grants made to universities to cover the rest of their costs.

Ministers see the proposals, to be unveiled in a consultative document, as a key step in their programme of encouraging universities and polytechnics to take more account of market pressures when recruiting students.

Universities are likely to react cautiously, mainly because even the new fees will be set substantially below course costs. For instance, costs at Liverpool University last year were about £3,700 for arts subjects, £4,850 for science subjects and £9,000 for clinical medicine.

While the new fees may encourage universities to recruit extra students to courses with low marginal costs, the consensus in universities seems to be that they will not lead immediately to dramatic changes in recruitment patterns.

This is likely to disappoint the growing body of opinion among employers that universities should try to recruit more students from non-traditional backgrounds to counter the sharp drop in numbers of young people expected in the early 1990s.


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TECHNOLOGY

New nozzle for the non-CFC aerosol

By Paul Godden

WITHIN days of an announcement that aerosols with chlorofluorocarhons (CFCs) would be outlawed in Switzerland from 1992, Paul Comment, a Swiss inventor, unveiled a diffuser nozzle that allows aerosols to be used with environmentally clean propellent gases.

The first product – a cooling water spray driven by nitrogen – is now on the market.

Comment points out that were it not for the damage to the ozone layer attributed to CFCs, they would have remained one of the wonder products of the 20th century. This is because they easily comhine, under pressure, with the molecules of the product to be sprayed. Contact with the air causes a micro-explosion, releasing both the propellent gas and the product.

CFCs protect the product against oxidation and need only a simple diffuser nozzle. The disadvantages, apart from the environmental one, are the cost and the risk of the container exploding when exposed to heat, for example in a car parked in sunshine.

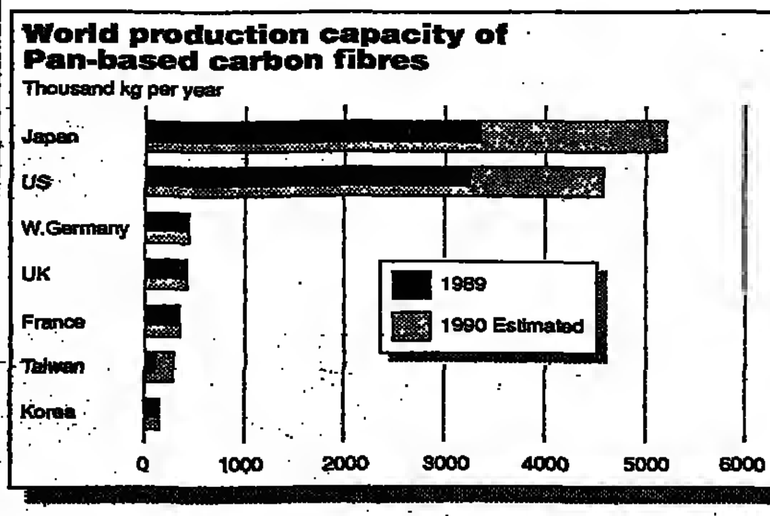
The solution, according to Comment, is to use nitrogen, which is virtually free, harmless and offers protection against oxidation.

But, until recently, the problem was the diffuser nozzla. After putting in 11 years and SFr 5m (£1.8m), Comment has cracked this by using a spring-loaded regulator/diffuser, which he claims is suitable for any gas. Because the regulator is spring loaded, it automatically seals itself against tha atmosphere and thus prevents products like paint solidifying in the nozzla. Moreover, as the required pressures are low, heating the can to as much as 50 deg C will have no dangerous side effects.

Comment has developed a diffuser to handle viscous products such as mustard and beauty creams, plus a system for recharging aerosols at home. Other applications include an aerosol toothpick, which squirts water, at high pressure, from a fine nozzle into places that other toothpicks cannot reach.

World production capacity of Pan-based carbon fibres

Thousand kg per year



World consumption Thousand kg per year

	1987	1988
US	2270	2640
Europe	780	900
Japan	850	880
Far East, Others	780	910
Total	4690	5330

1987	Aerospace	Sports	Industrial
US	1500	320	450
Europe	430	150	190
Japan	40	650	160
Far East, Others	40	630	120
Total	2020	1750	920

Source: Toray

The Japanese show their fibre

Stefan Wagstyl describes how a western initiative has moved east

The controversy over a US-Japan project jointly to develop a jet fighter has highlighted Japanese skills in an important area of technology – carbon fibres.

If the project, code-named FSX, goes ahead, Japan will provide wings made of carbon fibre for the new aircraft.

The country is expanding carbon fibre production capacity by more than 50 per cent to meet rising demand from the world aerospace industry. Producers are investing heavily in plant and equipment, which will increase capacity from 3,340 tonnes a year in 1989 to an estimated 5,190 tonnes by the end of next year, according to Toray Industries, Japan's largest manufacturer. Toray alone is investing Y6bn (£27m).

This will bring Japan's share of the total production capacity of the non-Communist world close to 50 per cent, with Toray and Toho Rayon, the second biggest manufacturer, accounting for the bulk of Japanese output.

Carbon fibre has long been a product which has performed wonders in the laboratory, but often disappointed in the market. The material is light and strong. It has only two thirds of the density of aluminium and one fifth that of steel. But it cracks easily and is difficult to machine into specific shapes and sizes.

Carbon fibres made from polyacrylonitrile (Pan) – the most commonly used material – were largely developed in British Government aerospace laboratories in the 1960s. Rolls-Royce tried to incorporate them in its revolntionary RB211 jet engine, but ran into development difficulties which contributed to its collapse.

Under Government ownership, Rolls-Royce continued to develop carbon fibre technology, as did other companies inclnding Courtaulds, in the UK, and Hercules and Union Carbide in the US. But Japanese companies, led by Toray and Toho Rayon, were the first to market carbon fibre successfully – in the form of fishing rods, golf clnha and tennis rackets.

This Japanese success was not due to any technological lead. Toray and Toho both bought their technology on licence from the British Government. Junichi Matsui, general manager of technology at Toray'a advanced composite materiala division, says: "Britain is the mother country for carbon fibre."

But Japanese groups have a crucial advantage in commercialising their material – Japanese consumers are mnch keener than those in western countries to try out new products. Fashion plays a key role in popularising new kinds of sports equipment – even someone who plays golf only once or twice a year will change his clubs frequently so that he owns the latest models.

Toshio Toura, a Toray director, says that rapid increases in sales allowed the group to invest quickly in mass production of carbon fibre – which western rivals were unable to do. Toray was able to fund technological advances of its own, to make the fibres thinner and stronger. It then sold this knowledge back to the west – in a licence agreement with Union Carbide and in a joint venture set up in France with Ato Chimia. Similarly Toho Rayon sold its technology under licence to BASF, the West German chemicals group, and to AKZO, the Dutch chemicals concern.

Carbon fibre sports goods have spread around the world and Japanese makers now believe that the market is saturated. So they are concentrating on aerospace – the market originally envisaged for the material by the British pioneers.

This will push Toray and Toho Rayon into much more direct competition with US and European competitors. Since only 5 per cent of Japanese carbon fibre consumption is in aerospace, compared with 56 per cent in Europe and 65 per cent in the US, increases in Japanese outpnt will largely be exported.

Carbon fibre was first used in military aircraft in the late 1970s and in civilian aircraft in the early 1980s – including the Boeing 737 and the European A310 Airbus. Since then, it has been used to make larger components, although mostly in parts of the aeroplane which are not vital to its airworthiness. The Boeing 7J7, an airliner scheduled for production in the early 1990s, will probably be the first civilian aircraft with a substantial section of its structure made of carbon fibre – the whole tail.

The use of carbon fibre in military aircraft is harder to track. Those so far in service, inclnding the US F-16, have small non-vital components made of the material. But the planned FSX would have wings made of carbon fibre, using a secret process developed in Japan. Carbon fibre has also baen used in ao-called "Stealth" technology (to make aircraft less easy to detect by radar), developed for the US army and incorporated in the state-of-the-art B2 bomber.

The key point from the fibre makers' point of view is that until now the parts made from carbon fibre have been relatively small. So the switch to large parts could produce dramatic increases in demand in the early 1990s and beyond. Toray forecasts the world carbon fibre market will grow by 10 to 12 per cent a year. But the scale of its investment programme suggests it expects this to be an underestimate.

The irony is that the development of carbon fibre would then have come full circle – finally penetrating the market for which it was originally intended. In the process, technological honours have been shared equally between Japanese, US and European companies. But the commercial initiative, as in so many other fields, has passed from the west to Japan.

Typewriting pianissimo

XEROX has launched a typing system called Piano, which Geoff Leaventhall, head of the Institute of Environmentat Engineering at South Bank Polytechnic, London, says is "the quietest typewriter I have tested."

The compeny hae spent four years end $40m (£24m) developing tha system, which has e noise level of 46 decibels – claimed to be 10 decibels quieter than any other product on the market.

Xerox believes that there is e definite role for typing systems which can quietly handle conventional tasks like single letters, envelopes, labels and pre-printed forms, es well es providing advanced text manipulation. Pieno looks like, and can be used as, e conventional electronic typewriter but, with the aid of en associated display, it becomes a word processor.

In the print head, impact noise has been partially designed out by controlling the force with which each character slug hits the paper. Each relatively heavy "print tip" gives out a quieter sound than conventional types – sufficient impression on the paper being maintained by speeding it up electro-magnetically at the moment of impact.

Piano 1 has a three-line, 80-character liquid crystal display; Piano 2 has a 9 in diagonal screen and Piano 3 hae e 3.5 in disk drive to giva large memory. Prices ranga from £1,145 to £1,945.

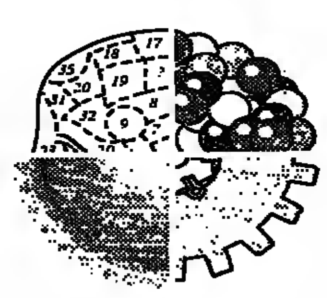
Metal jacket for optical fibre

HUGHES Aircraft, of California, has developed a metal coated optical fibre which allows a soldared, sealed antry to be made to electronic packeges containing laser light generators, photo-detectors and associated alectronics.

Hughes claims that tha usual plastic coating of these silica fibres is prone to damage at high temperatures and that moisture end other contaminants will penetrate the epoxy resin used at the antry point for sealing.

The company's new coating is said to be the first to meet the durability standard of US military specifications.

The fibre has a multi-layer metal jackat. First, it is coated with aluminium during manufacture to preserve the intrinsic strength of the fibre. Thsn e nickel layer combines with the solder for permanent bonding. A final gold layer prevents oxidation of the nickel.



WORTH WATCHING

Edited by Geoffrey Charlish

A short cut to spare keys

A COMPUTERISED key-cutting machine has been developed by HK Industries, of France, and is available in the UK from Davenport Burgess of Willenhall in the West Midlands.

Known as Intercode, the machine has 10 megebytes of memory and can securely store several million codes for the quick end foolproof production of spare keys, which exactly match the manufacturer's specifications. The machina automatically converts the codes into movements for the cutting head, which is housed with the alectronics in a bench-top unit.

Time is saved through not having to search for information about a particular key, says the company. After the appropriate code is entered via the keyboard, the machina will cut a single-sided key in 15 seconds and e double-sided one in less than a minute. All the information is held in memory cartridges which are plugged into a slot in tha unit.

AA maps out savings

THE UK's Automobile Association is to sava about £750,000 on royalty payments by compiling maps based on satellite photography and its own road research. Up to now, tha AA has paid a royalty to the Government's Ordnance Survey for each map in the 5m members' handbooks which it prints annually.

The information about Britain's roads is now held by the AA's cartographic team in digital form in a computer. Colour end scale can be changed instantly. Different layers of information are individually coded end the system produces colour separation films ready for printing. An advantage is that almost any kind of map can be made to suit the customer's requiremants – for example, e map of public houses could be produced for the brewing industry.

Ralph Robbins, information service manager, seys that because production costs have been reduced, maps will become more disposable and users will not need to hang on to outdated versions. He also claims that "no other organisation, government or private, has an information gathering network and road database as comprehensive as the AA's."

Clearer picture for video copies

SONY has developed e portable video tape recorder, the DVR-1, which is said to offer better picture quality and to allow copies to be made without the picture degradation associated with analogue machinas. The recorder weighs 11 kg and can record up to 1½ hours on e cassette tape.

The machine will come on to the market in Japan next January at a price of Y4.9m (£22,000) and is aimed at professionals such es television journalists. Sony says that it plans to produce a consumer model, eventually bringing the price down to about Y100,000.

The recorder is able to reject noise. The recording is electronically represented by a series of very short on-off signals, or pulses. For re-recording, these pulses can be precisely reproduced and used again without differing from tha original. In analogue re-recording, any noise in the system is added on each occasion a recording is made and the result soon becomes unacceptable.

CONTACTS: Rank Xerox (UK): 0895 51133. Hughes Aircraft: US, (213) 616 1022; London, 398 9636. Davenport Burgess: UK, 0902 366448. AA: UK, 0256 492049. Sony: UK, 0784 61688.

MANAGEMENT: The Growing Business

Patents

A bewildering and complex subject

Charles Batchelor concludes the series by explaining the viability of safeguarding intellectual property

Loctronic Graders, a Danbury, Essex-based manufacturer of equipment for sorting potatoes, spends £15,000 a year on patents. This is a considerable sum for a company with turnover of just £2m and a workforce of 25 but essential if it is to keep its technological lead over its competitors.

"We survive by inventions," says Mick Cowlin, chairman. "We have to keep ahead of the market." Cowlin reckons he has taken out no fewer than 50 patents over the past 30 years. At the moment he has 10 registered and a further 12 for which he has filed an application.

Loctronic's efforts to protect its innovations appear to have paid off. The company makes a quarter of its sales in the US, the most litigious and aggressive environment for the inventive company, and has never had a challenge to its patents there.

It was not always so successful in defending its new products. Up to the mid-1970s, when Loctronic was still making what Cowlin calls "a blacksmith line of equipment," the company was too busy meeting buoyant demand to bother with effective protection. But when the company moved into the electronic field it began taking out strong patents covering its innovations in most developed countries around the world.

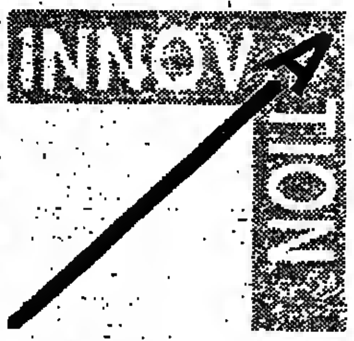
The time and effort which Loctronic devotes to protecting its inventions is unusual for a small company. And yet, for many companies, their future depends on successful exploitation of their innovative skills.

"Many people are frightened of the whole idea because they think patent work is complicated," says Jacqueline Needle, a patent agent with the London firm of Beck, Greener, who advises Loctronic.

It is not only the individual businessperson who is bewildered by the complexity of the subject. Many venture capitalists, who are an important source of equity finance for high-tech companies, do not understand the field of intellectual property rights, according to a newly-published report.* More than 60 per cent of the venture capitalists polled said they knew little or nothing about recent changes in intellectual property law.

Even the professionals in the field of patents are critical of the Copyright, Designs and Patents Act which is due to come into effect later this year.

"The intention was to redefine the law of copyright, which was out of date, but the government threw everything in. It's a hotchpotch," says Needle.



The major changes contained in the act include: replacing copyright protection for industrial designs by a new form of "design right"; opening the field of patent advice to all-comers, though the term patent agent remains restricted to qualified professionals; and creating a county court for patent disputes in an effort to reduce the cost of litigation.

Beyond this, though, as far as the innovative businessperson is concerned, the basic framework of intellectual property protection remains unchanged. Patents offer the strongest defence though more limited protection is available from registered designs, copyright and trade marks.

Licences usually involve one of these protective devices though negotiating licence deals is a skill in itself.

Patents may be applied to inventions which offer something which is new and which is not obvious. A minor modification to an existing machine which could be carried out by a competent engineer would fail on the grounds that it was "obvious."

To be new the invention must not have been revealed to anyone else. "People come in and say they've sold 50,000 of a particular product, they've got a German company interested in manufacturing and can they have a patent," says Needle. "It's very depressing. We have to say they can't because it has been disclosed."

Academics are also frequent offenders against the disclosure rule because they reveal inventions in journals or at conferences.

Obtaining a patent, from the date of the first filing with the Patent Office, can take up to 4½ years. If the inventor has used a patent agent he will probably be faced with a total bill of between £800 and £1,400 in London (less in the regions).

But both the cost and the time will increase substantially if the inventor goes for the international patents which are essential if he is effectively to cover his innovations. Translating the patent and obtaining the official approvals needed from foreign patent offices may extend the process to between five and seven years.

It is because of the time involved in obtaining patents and because of the need to establish novelty that some companies opt to register the design of their products, thereby protecting its visual appearance. Manufacturers of seasonal products can obtain design registration within six months and for just £200 or so.

Copyright, which is automatic and free, is often the only protection open to the writer of computer software, though proving a programme has been copied is very difficult.

Products which are obvious or not new, or which lack unique visual characteristics, may be protected by a trade mark. Other manufacturers may copy the product but it will lack the customer appeal of the original backed by a well-known brand-name. Registering a trade mark will cost between £450 and £650 and take between 18 months and two years.

Mick Cowlin: "We survive by inventions"; he has taken out 50 patents over 30 years

Lydia van der Meer

Often, inventors get carried away with the idea of hanging a certificate on their wall and forget the purpose of the patent. "I see a lot of inventors spend a lot of money on patents without giving any thought to their exploitation," says John Emanuel, managing director of Pax Technology Transfer, a consultancy group, and chairman of the Institute of International Licensing Practitioners.

But if some people collect patents for their prestige value, others are put off the whole idea of protecting their innovations by the fear that they will be challenged by a larger and richer competitor.

Horror stories abound of inventors who have been muscled aside by rivals and of companies facing massive legal bills as they attempt to defend their rights.

The cost of a legal defence of a patent can be high. Some businessmen believe the best way round this is constantly to update their products so that competitors never catch up. This may be valid for certain consumer products with a short "shelf-life" but most products require a more long-term approach.

One answer is to devise a strategy which either prevents people challenging your patents or which leads to a compromise if they do.

One inventor successfully took to court a small company which had infringed his patents. This one, relatively inexpensive, legal action established his reputation as a tough customer and no-one else took him on.

Another businessman decided to licence his invention quite cheaply to any company which was interested. This proved far more effective and more lucrative than very expensive licence deals with just one or two companies which would almost certainly have been infringed by other manufacturers.

The danger remains that, however strong your patent, a determined and wealthy rival will always be able to wear down either the patent or its owner. Strong patents which are professionally defended very rarely attract challenges, however.

"Out of every 100 patents I see only one goes to court," says Simon Cooke, senior patent partner of Bristows Cooke & Carpmael, a London law firm. "The cases you do see are generally about badly-drafted patents. It is a question of playing good poker and of using your natural business acumen rather than of relying on the law."

A growing number of businesspeople are also backing their patents with legal insurance cover.

If the businessman lacks the resources to develop and market his own invention the best way of exploiting it may be by means of a licence. Negotiations must be carefully handled so that the licensor does not reveal too much about his invention at too early a stage. The licensor wants to be sure the licensee has the resources to do justice to the product while the licencee is concerned that the product is a good one and that there is a market for it.

"You can avoid conflicts if the licence is realistically written," says Emanuel. "It must take into account the value of the project, the secrecy of the know-how and the strength of the patent."

The licencee will want to know how he will get the technology, how he gets access to any improvements that are made and what recourse he has if the licensor doesn't produce the goods. The licensor wants to be sure he will get paid and how; what happens if the licencee improves the product and how the patent will be defended.

How to protect and exploit your intellectual property is a subject fraught with difficulty for the growing company and professional advice will probably be needed. "It's a precise art but it's very straightforward if you understand the procedure," comments Loctronic's Mick Cowlin.

Previous articles in this series appeared on March 28, April 4 and 18.

**Intellectual Property Rights and Technology Investment: A Study of Venture Capitalists' Understanding and Awareness. £25 from Quentin Bell Organisation. Tel 01-379 0304.*

Contact: The Chartered Institute of Patent Agents. Tel 01-405 9450; The Patent Office, Tel 01-829 6512; The Institute of International Licensing Practitioners. Tel 01 439 7091.

Now the VATman must record his delivery

By Charles Batchelor

The VATman must ensure that a surcharge warning notice has actually been received by the taxpayer before imposing a penalty for late payment, according to a recent High Court ruling.

The VAT office posted a surcharge liability notice to Medway Draughting and Technical Services, a UK contract drawing office company based in Snodland, Kent, which did not arrive. Ruling against the Commissioners for Customs and Excise, Mr Justice MacPherson said the law stated that taxpayers should be given notice of their liability to surcharge.

John Booker, managing director of Medway, said the first indication he had that he had not paid his VAT was when he received a surcharge notice for £533 in October 1987. Notices are issued to traders who are late in paying tax or sending in VAT returns twice within 12 months.

The notice warns that any delay in payment in the next 12 months will cause a surcharge to be added to the amount of tax delayed. The surcharge rate starts at 5 per cent and rises to a maximum of 30 per cent.

Medway, which employs 35 people and has turnover of £400,000, won the case when it went to a VAT tribunal, but Customs appealed to the High Court. "There was no way I could afford the High Court costs of £3,000 or £4,000," said Booker. "But I had the bit between my teeth."

Booker won the backing of the National Federation of Self Employed and Small Businesses though he was not a member at the time. The federation offered advice and financial help; but in the event, Medway was awarded costs.

"Customs should send all warning notices out by recorded delivery so that there can be no doubt that the taxpayer receives them," says Tony Miller, the federation's tax committee chairman. "Recorded delivery postage would only add £26,000 to the VATman's bill. Compared with the £45bn collected by taxpayers in VAT this sum is minuscule."

In brief...

■ Girobank has launched a new fixed interest Business Development Loan for amounts of between £15,000 and £250,000; it says this will meet criticism that banks did not clearly state their charges.

Loans, available for most business expansion purposes, are charged a fixed rate of interest for 10 years, allowing more accurate financial planning, with an option to continue with a revised fixed rate or switch to a floating rate thereafter.

Rates charged depend on whether the loan is secured or unsecured.

Contact Girobank on Freefone 0800 282 885.

■ Applications for the Government's Loan Guarantee Scheme have been running at a rate of 200 a month this year compared with an average of 180 a month in 1988 and only 90 a month in 1987.

The sharp rise in applications over the past 16 months was due to the streamlined arrangements for dealing with loans up to £15,000 which were introduced in January 1988, said John Cope, small firms minister. Forty-five per cent of new loans made under the scheme are for these smaller amounts, a far higher percentage than before.

Recent figures showed a failure rate for guarantee-backed firms of one in four after three years compared with one in three for small firms generally. The scheme guarantees 70 per cent of loans rising to 85 per cent in inner city task force areas.

■ A three-day conference and exhibition on managing growth is to be held on May 23 and 24 at Olympia in London. The Business & Corporate Finance '89 Conference will look at aspects of growth from start-up to Unlisted Securities Market flotation and including buy-outs, buy-ins and acquisitions.

Contact Emma Saunders, Enterprise Events, 34 The Quadrant, Richmond, Surrey TW9 1DN. Full conference fee £172.50.

ARTS

Mid-generation minimalists

William Packer reviews the Saatchi Collection and the Karsten Schubert gallery

London now offers the young and unknown artist infinitely more opportunity to show his work than existed even 20 years ago. But that said, London has never been committed to the newest fad and the very latest reputation simply for being tbe neweet and latest. There has always been evident the practical corrective of work of establisbed, even old fashioned critical standing.

While the latest super-nova of New York is sure, sooner or later, to swim into his ken, the British watcher of the skies, at least, is usually able to stand back a little and take the broader view.

That the Saatchi Collection – whicb so often has appeared to acquire its stuff wholesale and uncritically, making and then sustaining an artist's reputation simply by virtue of its known intervention – sbould also so regularly afford us the opportunity of the comparative and sobering review is one of the nicer ironies of our present-day art world. Each show in the sequence of definitive selections from the Collection is therefore a signal event, most especially when, as now, the work on show is not that of yesterday's man but his of the day before.

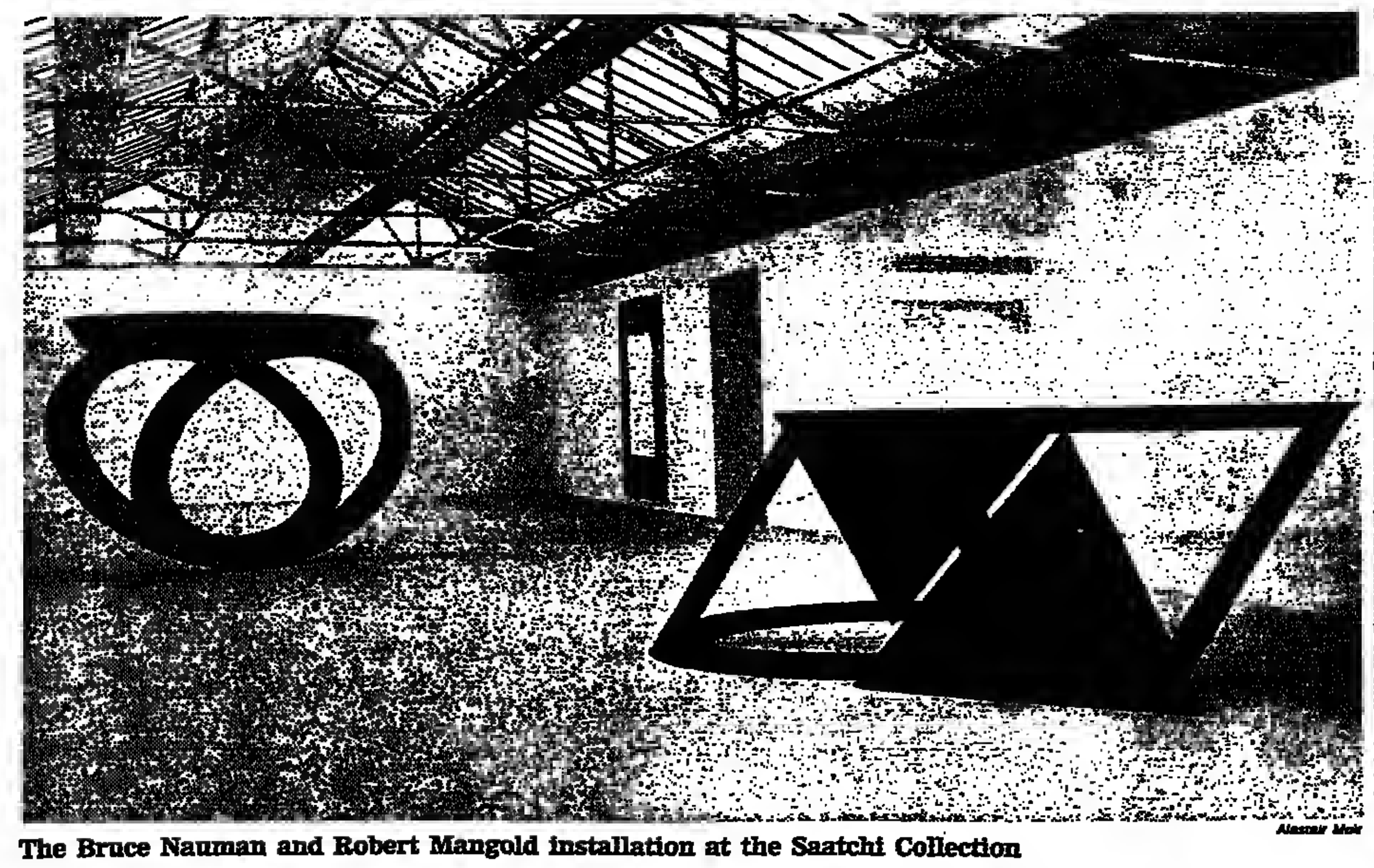
But wa should need no prompting to make the visit, for whatever the nature of the display Max Gordon's conversion of the vast interior of the former factory (at 98a Boundary Road, NW8) remains the primary exhibit, and as exhilarating as ever. The only caveat is that so generous is the space to whatever it bolds that, to look even half bad, any work must be truly awful: viewer beware.

Two mid-generation American minimalists, Robert Mangold and Bruce Nauman are the current heroes (throughout the summer: Fridays and Saturdays or by appointment – 01 624 8299), the one a painter, the other a sculptor, and both of them represented by work that runs from the late 1960s to the mid 1980s. And in these revisionist times, with content at a premium, figuration the rule and even the spiritual no longer beyond all consideration, it is salutary to be reminded of what minimalism can mean, in terms of content and the spiritual, in the hands of two worthy, if not extraordinary exponents. For minimal was always an epitbet more convenient than precise, that referred to economy of means rather than to any paucity or limitation of idea or imagination.

The elegant statement of a simple figure, motif or principle is not held, in such other disciplines as music or mathematics, or even literature, to qualify its profundity; and yet the literal demands commonly made upon visual expression still surprise our supposedly educated and sophisticated culture.

Mangold's work rests on the basic figures of geometry – square, circle, triangle, ellipse – whicb he disposes on a large scale with a matching simplicity, making frequent use of the shaped and divided canvas to play out his elegant games of proportion and figurative – to reapply the word – opposition.

A bare circle inscribed upon a single colour field may sound all too simple, but the rich colour draws in the eye, while the elegant reticence of the statement oddly activates the pictorial space, teasing the imagination into moving speculatively through and beyond the picture plane and the surface of the canvas. It is a world of pictorial illusion and suggestion that is as much the province of the minimalist as of any painter of the figure, landscape or still-life.



Alastair Muir

The Bruce Nauman and Robert Mangold installation at the Saatchi Collection

Nauman, tbe sculptor, is more various an artist and more the conceptualist than minimalist, taking the idea first and finding the form to fit it, moving thus from fibre-glass to grease to metal to neon-lighting to video tape as need requires.

The neon sequence runs through the virtues, but overlaid or underwritten by the seven deadly sins. A hnge circle hovers high above two others on the floor. Sheets of alumininm, plastic, felt and rubber, physically pierced by the artist himself and thickly spread with grease, are pressed together into a single wodge. Two inverted fibre-glass chanmels rear np snake-like together. And on the multi-screen video bank, a couple set vigorously about each other over their "diner intime." Video is a medium with an immediate and infinite capacity to bore, but I must say that "Violent Incident" is wonderfully if appallingly engaging. Minimalist perhaps, conceptualist yes, but Nauman is nothing if he is not a romantic.

★

At Karsten Schubert (85 Charlotte Street: until May 13), one of the most distinctive and, in his time notorious of British minimalists, Bob Law, is showing a group of drawings from the early 1960s. Law is also a sculptor and too often in the past the essential connection between his paintings and graphic work and his sculpture was not clearly established.

This small show is hardly likely to persuade the committed anti-minimalist that there is more to a square drawn on a piece of paper than that.

But for Law himself to move from proposing sculpture by the near-diagrammatic drawing of blocks and cubes on a table, to setting a single block map-like on the page, as it were a field, to stating that field as a simple field of tone or colour – and back again to making sculpture proper of blocks and spheres and furniture, has always been natural enough. These drawings have a curiously resonant presence, for all their simplicity and remind us that a fuller view of Law's work, his sculpture especially, is overdue.

Scbnbert's upper room is given to recent photograpbs of the male nude by Bruce Weber, which are at once witty and technically distinguished. To add that they are explicit yet entirely inoffensive, however, is to raise a delicate but fascinating general point. The fun is not always intentional, and so it is not altogether fair to make Weber responsible: the fault is in ourselves. Why is it there is something so comical about Billy, Rick or Tom in the great outdoors, of which the conventional female nude, unequivocally erotic though she may well be, is entirely free? The admirably idiosyncratic fashion photography of Koto Bolofo, now at the Photographers' Gallery (5 & 8 Great Newport Street: until May 20) makes this very point.

Der Prinz von Homburg

RADIO 3

Henze's third stage work, first performed in 1960 by the Hamburg State Opera and brought to Sadler's Wells by the same company two years later, remains with its immediate predecessor *King Stag* the least known of his operatic canon.

Der Prinz von Homburg may lack the glamorous literary pedigree of *Elegy for Young Lovers* and *The Bassarids*, or the political allure of the later theatrical actions, bnt the BBC's studio production, broadcast on Saturday, made a good case for its musical virtues, and its feeling of thorough-going dramatic sense. It is a well-made piece thet could easily justify a London production.

The libretto by Ingeborg Bachmann reworks the play by Heinrich von Kleist with some skill, preserving much of its action and often enhancing the curiously teasing world it inhabits. Its theme of the introverted cavalry commander whose inability to reconcile his abstracted longings with the demands of military life brings him to the edge of disaster, is a curiously involving one even though the characters are conceived sometimes as remote and bloodless.

John Evans' studio version remarried play and opera; in place of the conventional synopses that punctuate most opera broadcasts extracts from an English translation of Kleist, spoken by Derek Jacobi, were interpolated between the scenes. It worked well, almost too well at times, when the imagery of the original almost made the musical treatment redundant – nothing in Henze's musical realisation of the battle of Fehrbellin can match Kleist's limpid description of that day. But the blurring of the distinctione between dream and reality, so aven-handedly treated in the play yet firmly weighted towards poeticised fantasy in the opera, is the strength of the music, and made the subject an ideal one for Henze at that point in his development, when Italianate warmth and lyricism were beginning to permeate the crisper soundworld of his earlier music. Both have their places in *Der Prinz vom Homburg*, and the ambiguity between them is effectivsly exploited, even if the vocal lines are not always as well characterised as they might be.

The performance was founded upon the BBC Scottish Symphony and the John Currie Singers, conducted with directness and a fine feel for the textural niceties by Ronald Zollman. Roland Hermann sang the role of the Prince, a little plummily at times perhaps for a character whose aspirations need to seem more sympathetic; William Cochran was the Prince of Brandanburg, Alan Opie the Field Marshal, while Howard Haskin made much of Count Hohenzollern, the Prince's confidante. The ladies have less reward in this opera – Anne Collins was the Princess, and Carol Smith Natalie, whose appearance starts the whole train of events. A fascinating enterprise, and undoubtedly a work that one is glad to have had the opportunity to explore.

Andrew Clements

BBC Symphony

FESTIVAL HALL

On Sunday, Lothar Zagrosek's programme with the BBC Symphony represented two young Russian expatriates – Stravinsky with his *Firebird* Suite, and the "dissident" poet Irina Ratushinskaya in Brian Elias's new song-cycle on five of her poems – as well as an old Czech atheist with his devout Mass. One was curious to know what part of the audience might, unofficially, be representing Eastern Europe at this awkward occasion.

The new Elias cycle is orchestrally rich and dramatic, with a far-ranging mezzo-soprano soloist: here Elizabeth Laurence, who did what was surely superlative justice to her part, technically astonishing and committed to the hilt. Zagrosek seemed to have prepared the score with no less searching care. It struck home with force, but the development of the musical thought – continuous from the start – was kept pellucid. Elias has arranged tha five chosen poems as if they were successive chapters in a monologue, centred upon Ratushinskaya's prison experience. Sometimes the orchestral music is violently impassioned beyond the tant, intimate scale of the poems: most blatantly in the fourth, "Pencil Letter," where the private epistolary gasps are tossed upon huge waves of bitter protest.

The effect is to set the first-person distress amid a torrent of Western moral outrage. That might have amounted to poster-painting – but Elias has not stinted on sharp musical invention, nor on dramatic contrasts of his own devising.

The second song evokes at once a light, timeless ballad-style and grimly sardonic suggestions; the despairing vein of the third (with obbligato flugelhorn) is exposed raw, in the tradition of Mahler and Shostakovich. The angry fourth concludes with heavy bells, which then dissolve into silvery polyphony – *all* the tuned metallic percussion – for the final song. Familiar neo-romantic devices here and there, like the Berg trick of erecting a strident chord in steps from the bottom up, don't compromise the pungently individual Elias voice.

Zagrosek's *Firebird* was sympathetic, if a little too clever: he risked fading the Technicolor score with his sophisticated dynamic contrasts, and the orchestra sounded anxious in his racy "Danse infernale." But Janácek's "Glagolitic" Mass was resplendent, with an intrepid solo quartet (the tenor Ian Caley mastered his near-impossible part better than the trumpets did theirs) and the BBC Symphony Chorus wonderfully unanimous and fervent. In the Credo organ-cadenza Christopber Bowers-Broadbent made the Festival Hall instrument roar cogently – though his Postlude, staid in the middle, went reckless toward the end. No matter: the bracing effect of the whole easily met the standard that Janácek's open-hearted score demands. No other setting of the Mass is at once so "popular" and so severely original.

David Murray

The Phantom Violin

QUEEN ELIZABETH HALL

From Werther and his sorrows to Schubert's winter traveller, the forlorn early Romantic hero is a familiar figure. To make him the sport of ridicule might well have seemed too easy a task and so it is a delight to report how skilfully Théâtre de Complicité in their recent show of mime, words and music, given a single performance at the Queen Elizabeth Hall on Saturday, have lured and trapped their prey.

Set in 1823, *The Phantom Violin* is a compendium of extracts, often only odd lines or phrases, from early 19th century texts and mnsical works devised by Gerard McBurney. With merely a sofa and a fireplace as props, our Byronic hero takes the audience on a tour of favourite early Romantic haunts: to a forest, to a ruined abbey in the midst of a storm and a masked ball where he is bewitched by a elusive young beauty, each with musical accompaniment.

Would we get the ball scene from Berlioz's *Symphonie fantastique* or "Le Spectre de la rose"? In the event no, though a snatch of the symphony did slip past later. Apart from the opening cbords of Mendelssobn's *Midsummer* Nigbt's *Dreom* to portray tbe moon, McBurney generally tries to avoid obvious musical similes, because it is not the object of the evening to have the audience trying to identify all the references.

The aim is rather to encapsulate all that it meant to be an artistic thinker in the early 1800s. With Eric Mallett playing the young man with exquisite sensibility, the feeling of the show is as affectionate as it is humorous, even when it takes a sly dig in the hero's ribs by getting him to write his poetry with a giant quill or row off in search of his loved one in a boat that was actually the upturned sofa. The cast as a whole reveals a splendidly dry wit.

Among the bits and pieces there are a few eubstantial vocal numbers, very capabiy sung by Adrian Thompson and Lynda Russell, beautifully pure in tone for her unidentified "Ave Maria." The small instrumental band of Chameleon was led by Elisabeth Perry, wbo had to negotiate the Paganini-derived excess of the Phantom Violinst himself, a cloaked and shadowy villain who could well bave scuttled out of an opera by Marschner. Just one more source to add to Théâtre de Complicité's already long list.

Richard Fairman

Rattle's Mahler

BARBICAN HALL

The regular appearances of Simon Rattle and the City of Birmingham Symphony now count among London's most prized concert experiences. Friday's showed why. The main work, Mahler's Seventh Symphony, was given an incandescent performance. It was alive, lived-in, felt. We hear mnch Mahler in London, sometimes played with splashier virtuosity than the *CBSO* can command (the violins were excellently solid bnt not rich or refulgent of tone); what we hear too seldom is meaningful Mahler, of which this Seventh was an outstanding example.

As ever in listening to a Rattle performance of this composer's works, one becomes wholly absorbed in the conductor's attempt to get to grips with the meaning of the notes and their copious expression-marks. This is a work that inhabits a dream-world – of proto-Weillian nightmarishness (in the opening) and also of more fugitive fantasy states (in the two "Night music" movements). Rattle and his players responded to every quicksilver change of mood (the flexible rubato pacing of the *Andante amoroso*, warm but never cloying, was a marvel of musicianly sensitivity). The colours of this most poetically sombre-hued of all Mahler symphonies were obtained with utmost delicacy – the skeletal note-patter of the Scherzo gave just one of many choice examples.

And, most important, the work held together as a whole. The stumbling block of the Seventh is usually held to be the C major finale, in which a post-*Meistersinger* brashness disperses the dream clouds. Here, it was offered with the same mercurial responsiveness to shifts and mood, and did not seem a garish let-down.

It was no less typical of Rattle's un-superstar-like musical personality that he should choose to precede Mahler with the London premieres of two short, recent Elliott Carter compositions – *A celebration of some 100 x 150 notes* (a brilliant, fast-moving spatter of notes and phrases) and the elegaic *Remembrance*, whose trombone solo pointed the way on to Mahler. Marvellous programme, marvellous concert.

Max Loppert

Hynninen

ST JOHN'S, SMITH SQUARE

The Finnish baritone Jorma Hynninen, besides being director of the National Opera in Helsinki, is a regular visitor on stage in Vienna, Milan, Paris, and at the Met in New York, where he has recently been singing the title-role in *Eugene Onegin*. In London we have to make do with his concerts and Lieder recitals, which is very nice as far as it goes.

Yesterday's Smith Square recital, broadcast live and to be repeated on Sunday, seemed to mark a further stage in his progress. His lower register has taking on a voluminous, expansive quality reminiscent of Finnish basses rather than baritones; the tone is hugely meaty, with plenty of space round it, an impression doubtless strengthened by the St John's acoustics. The top, firm as ever, remains heroic, bright and fiery by turn. This an instrument under total control – Hynninen's range of tone-colour and dynamic remains as striking as ever – used with consummate musicianship.

He sang two cycles, *Dichterliebe* and Kilpinen's defiantly well-made *Spielmannslieder* (Minstrel's Songs, 1933). The latter, a not strictly necessary footnote to the *Winterreise*, suited Hynninen's platform style better than the former. He is a natural stage creature, yet his "performances" of songs are a matter of enhanced intensity rather than illustration in the manner of a Fischer-Dieskau, and his stance, rather like an athlete poised for a particularly juicy hurdle race, easilyencompassed the right rather one-dimensional *Affekt* needed for Kilpinen.

But for all the up-front emotion, starkly fielded, in the Schumann, for all the expressive projection of the words, one wished for a touch more depth and resonance, for – as example – a less fast, fierce, and violent "Ein Jüngling liebt ein Mädcben". Heine works through detachment, and Schumann followshis lead sufficiently for an element of it to be not inappropriate in performance. With Ralf Gothoni an equal partner creatively (the postludes to both cycles played with expressive individuality), this was a fina recital that unfairly left one wanting something more, more music, more *Innigkeit*, less athleticism.

Rodney Milnes

ARTS GUIDE

April 21-27

OPERA AND BALLET

London

Royal Opera, Covent Garden. *La clemenza di Tito*, one of the Royal Opera's most admired Mozart productions of the postwar period, returns with its original conductor, Colin Davis. Stuart Burrows takes the title role, and the cast also includes Carol Vaness, Anne Sofie von Otter and Anne Mason. *Swan Lake* is danced to Petipa/Ivanov choreography in the production by Anthony Dowell which is conducted by Mark Ermler.
English National Opera, Coliseum. *Eugene Onegin*, an opera not previously given by the ENO at this theatre, is prodneed by Graham Vick and conducted by Mark Elder, with Jonathan Summers in the title role and Marie McLaughlin as Tatyana. Another performance of Jonathan Miller's dark, handsome staging of *Don Giovanni*, with Steven Page in the title role; and a revival of Janacek's *The Makropoulos Case* with Josephine Barstow as Emilia Marty.

Paris

English National Opera and Die Deutsche Oper Berlin in co-production of Tchaikovsky's *Sleeping Beauty* alternating with Ferruccio Busoni's *Faust*. (47425371)

Vienna

Staatsoper. Ballet: *Dornröschen*. Opera: *Die Zauberflöte* conducted by Nicholas Harnoncourt. *La Forza del Destino* conducted by Garcia Navaarro. (51444, ext. 2660).
Volksoper. The week's performances include *Don Giovanni*, *Das Land des Lächelns*, *Die Zauberflöte*, *Gasparone*, *Der Freischutz*, *La Bohème* and *Die Fledermaus* (51444, ext. 2662).

Milan

Teatro Alla Scala. *A Midsummer Night's Dream* with choreography by Robert de Warren and sets and costumes designed by Nadine Bayliss (80.91.26).

Rome

Teatro Dell'Opera. Beni Montresor's production of Rossini's *Zelmira*, in a new, carefully prepared edition by musicologist Kathleen Hansell. (46.17.55).

Venice

Teatro La Fenice. Emil Tchakarov conducting Purcell's *Dido and Aeneas*, arranged by Benjamin Britten, and Stravinsky's *Oedipus Rex* (with text by Jean Cocteau). (5210161).

Bologna

Teatro Communale. Ruggero Raimondi sings the title role in a co-production with the Théâtre des Champs Elysées in Paris by Yannis Kokkos of Mussorgsky's *Boris Godunov*, conducted by Vladimir Fedoseev. (529.999).

Berlin

Theater des Westens. *Cosi fan Tutte* in Götz Friedrich's production with Angela Denning, Carol Malone, Mariana Cioromila, Keith Lewis and Lenus Carlson. Der Liebestrank returns with a new cast led by Jane Giering, Gösta Winbergh, Manfred Roehrl and Ingvar Wixell. *Giselle* rounds off the week.

Hamburg

Opera. Harry Kupfer's wholly delightful production of *Belsazar* with Helen Donath, Walter Raffeiner, Carmen Anhorn and Harald Stamm. *Otello* stars Wladimir Atlantow in the title role. *La Traviata* has Miriam Gauci outstanding as Violetta. *Fausts Verdammnis* is sung by Delores Ziegler. Also *Der Rosenkavalier* with Judith Beckmann.

Cologne

Opera. *Faust*, sung in French, features Ulrich Hielscher Ashley Putnam, Fernando de la Mora and Ludwig Baumann. Also two guest appearances by the Düsseldorf opera with *Romeo undJulia*.

Frankfurt

Opera. *Rusalka*, produced by David Pountney and conductedby Imre Pallo with Allan Glassman, Kristine Ciesinski, Clarry Bartha, Manfred Schenk, Eva Randova and Valentin Jar will have its premiere this week. *Impressing the Czar* has wonderful William Forsythe choreography.

Stuttgart

Opera. *Die Soldaten*, produced by Harry Kupfer will also beseen on TV with Nancy Shade, Milagro Vargas, Grace Hoffman, Mark Munkittrick, William Cochran and Michael Ebbecke. Also in repertory: *Otello* and Philip Glass' rarely played *Einstein on the Beach*.

Munich

Opera. *Le Nozze di Figaro* has fine interpretations by Edith-Mathis, Pamela Coburn, Birgit Calm, Wolfgang Brendel, Alan Titus and Alfred Kuhn. *Madame Butterfly* has a first-rate cast led by Anna Tomowa-Sintow, Gudrun Wewezow and Giacomo Aragall. *Turandot*, produced by the late Jean Pierre-Ponnelle is sung by Ghena Dimitrova, Keiko Kamegawa, Friedrich Lenz and Thomas Woodman. *Die Zauberflöte* is sung by Pamela Coburn, Sumi Jo, Jan-Hendrik Rootering and Kieth Engen.

New York

Metropolitan Opera. The final fortnight of the season is dominated by two complete cycles of *Der Ring des Nibelungen* conducted by James Levine. In this first ambitious undertaking in 50 years, Gwyneth Jones sings Brünnhilde, William Johns is Siegfried and James Morris is Wotan. Lincoln Center Opera House (362 6000).
New York City Ballet. The 90th New York season opens with Balanchine's ballets *Mozartian Episodes* and *Tchaikovsky Piano Concerto No. 2* in a season that features 23 ballets by Balanchine, 11 by Jerome Robbins and 7 by Peter Martins, including a Martins world premiere on June 15. Ends June 25. Lincoln Center New York State Theatre (877 4700).

Tokyo

Matsuyama Ballet. *Swan Lake*. Kan'i Hoken Hall, Gotanda (Wed, Thurs) (480 6640).

SALEROOM

Snuff for the rich man

Snuff bottles is one of those collecting markets that you can still get into with a kitty of around £1,000 or less. However, the prices for the best items at Sotheby's yesterday suggested that this could soon become a rich man's plaything.

The top price was £31,900, well in excess of the £10,000 top estimate, paid for a very rare "mutton fat" (so called after its brownish hue) snuff bottle made in the Emperor Quanlong's Imperial workshops in the middle of the 18th century. The combination of the unusual colouring and the Imperial mark accounted for the price. The bottle was recently brought into Sotheby's at Billingshurst and was wisely sent to London for identification and valuation.

In the morning session the top price was the £28,050, double the estimate, paid for a rare rock cryetal bottle witb an inside-painting portraying Duanfang, the Governor of Sichuan province, who had evacuated the Empress Dowager Cixi from Peking during the Boxer uprising. He was assassinated in 1911. In 1982 it was soid at Sotheby'e New York as part of the Bob C. Stevens collection for $17,600.

An 18th century jade snuff bottle doubled its top estimate at £24,750 and a jadeite snuff bottle of around 1800, estimated at up to £4,000, realised £19,800. Both prices reflected the current demand for good jade, particularly from Far East buyers.

In New York over the week end Sotheby's set an auction record of £285,714 for a pair of 18th century armchairs. They had been made around 1760 and much exhibited.

The Japanese, abetted by the Americans, seem to have fallen in love with the glass of Gallé. At Sotheby's in Moncao on Sunday they were out in force and a large bine vase on a bronze stand, made aronnd 1900, doubled its estimate at £77,154 while another vase in cream was at the top of its estimate, making £61,723.

The 20th century decorative arts did better than the earlier furniture which was sought after at the top end but with little interest in items of middling quality. Top price was the £41,148 paid for a pair of Italian cabinets of the 17th century, with decorated tiles on their fronts. A ladies cabinet made around 1927 by Ruhlmann went to a Paris dealer for £100,815.

At Sotheby's in Chester tomorrow the most comprehensive collection of Welsh earthenware pottery to come under the hammer for many years is to be sold.

Antony Thorncroft

FINANCIAL TIMES
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Tuesday April 25 1989

Confidence in Hong Kong

ANY HOPES on the part of the British Government that Hong Kong and its 5.5m residents could he transferred quietly into China's emorace with no fuss are evaporating.

Hong Kong is unique. The tiny British colony is a vihrant example of the fruits of decades of free trade and imaginative entrepreneurship. Its foundations are that complex of intangibles which makes up business and investor confidence. When confidence wavers, Hong Kong totters; if confidence were ever to collapse Hong Kong's prosperity would fall.

Confidence is at present under severe pressure as the British House of Commons Foreign Affairs Select Committee has discovered during a series of emotional public hearings in the colony.

At the root of the anxiety is the impression that Britain and China are making arrangements prior to the transfer of sovereignty in 1997 to suit their own hest interests rather than those of the people of Hong Kong. Yet Britain is relinquishing a colony not to independent self-determination hut to a communist regime from which many of Hong Kong's inhabitants fled in 1948-49 and which has a poor record in the treatment of its other "acquisitions", most notably Tibet.

Despondency

Two issues are causing the despondency reflected in the meetings with the British MPs. One is the feeling that Britain has moved away from the spirit of the Joint Declaration of 1984 covering its exit from the colony. It has back-tracked on its determination to introduce some direct elections hy 1988. The timetable for full democracy becomes ever vaguer and more circumscrihed. The second is that Britain has closed the escape route should anything go terribly wrong after the Chinese take over in 1997. The Hong Kong people, looking at the increasingly unpredictable situation in China, have been denied the insurance policy of a British passport carrying the right of abode.

Soma of Britain's staunchest supporters in the colony including Sir David Ford, the Chief Secretary, and Dame Lydia Dunn, the senior execeutive councillor, stressed to the visiting MPs that the denial of full passports to the 3.4m British subjects (those who hold British Dependent Territory Citizen passports) has caused the deepest dismay and resentment. They have urged that all 3.4m should be given full passports and it is difficult to identify a fair alternative. Certainly, suggestions of a compromise hy giving passports to some, such as long serving civil servants and policemen, is a divisive idea which should be dropped.

Resistant

The British Government's problem is that it feels the British public is resistant to immigration and that parliament would refuse open access for Hong Kong which could produce similar pressures from other places. Reversing policy now could also give a wrong signal of lack of trust in the Chinese, so destahilising tha colony'a financial markets.

It may not be necessary to change course now. A strong and unamoiguous statement that Britain would not turn its back on the Hong Kong people in an emergency before or after 1997 and would, if necessary, offer all of them refuge would be a great reassurance.

If the worst came to the worst, the prohlems would not be insuperable. More than 1m white South Africans are legally entitled to settle in Britain and the Home Office, having undertaken a private study of the implications of a sudden large influx, is confident that it could be handled.

On a smaller scale, more than 50,000 Ugandan Asians were efficiently airlifted out in six weeks following their expulsion hy President Idi Amin in 1972. India, Canada, tha US, Pakistan, Australia, New Zealand, Kenya and Malawi all helped as did temporary UN camps in other countries. It is in the interests of both China and the UK to create conditions in which the residents of Hong Kong want to stay. The MPs' visit has reminded the British Government that the assurances given so far are not enough.

No limits to travel

ERNEST BEVIN once said that he looked forward to the day when be could go to Victoria Station, without a passport, and buy a ticket to "where the 'ell he liked." A conference now going on in London could he a step in that direction.

The London Information Forum has its origins in the Helsinki Final Act, signed hy all European states except Albania, plus the US and Canada, in 1975. The Act laid down the principles for security and co-operation in Europe: not only economic co-operation, but also the greater freedom of movement of people and ideas.

By now, it probably requires some explanation. For, paradoxically, the signing of the Act marked the end of a period of détente rather than a new start. The early 1970s were distinguished by all sorts of East-West initiatives: the eastern policies of Chancellor Willy Brandt of West Germany, the four power agreement on Berlin and the treaty between the US and the Soviet Union limiting strategic nuclear weapons. Helsinki was part of the pattern.

By 1975, however, superpower relations were again going astray. Most of the East-West negotiations faltered for the next decade. Not until the mid-1980s, with the emergence of Mr Mikhail Gorhachev as the new Soviet leader, did the idea of seeking security and co-operation through diplomacy return to the top of the agenda. The most notable result so far has been the superpower agreement on the elimination of intermediate nuclear forces.

On the table

Meanwhile, the Helsinki Agreement, which is more of a nuts and bolts affair, remains on the table. There have been two follow-up conferences – in Madrid and Vienna – to review the progress so far and to explore ways of further co-operation. An offshoot is the London Forum, which is designed to reduce, if not eliminate, the obstacles to the free flow of information between, and within, the 35 countries countries which adhered to the Final Act.

Those are ambitious objectives, which should not be obscured by saying that the conference is mainly about journalists and the media. Ultimately the conference is about the freedom of movement of all people and all information: jonrnalists are simply the medium throngh which that process can be facilitated.

After formal opening statements by each delegation, the conference has devolved into working groups composed not only of diplomats, but also of journalists and historians. Having been given such a mandate to join the Helsinki process, it is up to the non-diplomats to reach for the sky.

Divisions

That should be less difficult than it sounds. For it is already clear that the London Forum is not an old-style confrontation between East and West. Indeed the most telling divisions that have emerged are between the eastern countries. The Soviet Union has come down firmly on the side of glasnost or greater openness. With it are Poland and Hungary. On the other side are East Germany, Czechoslovakia, Bulgaria and Romania.

There is, however, a more insidious division within delegations. It is between those who stick to the hureaucratic approach and believe that no one should ask too much, and those who want the abolition of every possihle restriction. The position of tha Soviat Union is to some extent ambiguous. It wants a kind of European journalists' club with a membership card specifying privileges and responsibilities. It is far from certain that that would lead to a greater flow of information, including information that governments do not want released.

Yet the Soviets have at least taken an initiative. It is up to other countries to respond. That response should be a call for no journalist's request for a visa to be delayed more than 24 hours, no restrictions to be placed on travel and for the visas to be available at all the embassies of the signatories of the Halsinki Agreement. It should also be left in no doubt that this is not just a privilege for journalists. In the not-too-distant future, it should be a right for all citizens covered by the Final Act. To aim for anything less would be to reject the opportunity offered by the London Forum.

Charles Leadbeater on the reasons for the UK's wave of industrial disputes

Fighting over restructuring

The wave of industrial disputes currently gripping the UK conjures up memories of the "winter of discontent" in early 1979, which led to Mrs Thatcher's first election victory.

Is the confluence of these disputes merely a coincidence or are they underpinned hy common features? Consider some of the most recent.

Last week a 24-hour strike brought London's underground to a halt for the second time in just over two weeks. Tube workers will soon vote on whether to take more sustained action over proposed changes to working practices.

Yesterday the BBC's news and current affairs programmes were disrupted hy a strike. Today leaders of about 100,000 railway workers will decade whether to call a strike ballot over British Rail's final 7 per cent pay offer.

Dockers leaders are proceeding with a strike ballot over the replacemant of the national dock lahour scheme, electricity workers are balloting on their pay offer, leaders of about 800,000 engineering workers are planning a series of selective strikes for later in the year and university lecturers are planning not to mark exams.

This wave of threatened industrial disruption comes in the wake of last autumn's postal strika, the extended dispute in the National Health Service and the tension at Jaguar, the Midlands luxury car manufacturer which teetered on the hrink of a dispute at the start of the year.

The comparison with 1979's winter of discontent is, however, exaggerated. Most of the current disputes are as yet only threatened. Some will almost certainly fail to materialise. Only the docks dispute and the NHS revolt have clear political targets.

And the current unrest does not compare with other periods of industrial conflict during the Thatcher years, such as the 1984-85 miners' and dockers' strikes and the two years of teachers' strikes.

None the less, while the current disputes are not as dramatic as previous moments of conflict, thay may be just as significant for the medium-term development of industrial relations. The incomes policy dispute in 1979 was tha classic type of late 1970s strike: rising inflation prompting unions to attempt to break through a Government incomes policy, designed to stabilise the macro-economy, in pursuit of higher pay. While the disputes in the late-1970s were about regulating the annual movement of a macro-economic machine, the archetypal dispute of the late 1980s is about the micro-economy – setting the terms for a lasting transformation in the way organisations employ workers to compete more effectively in their product markets.

In the late 1980s the disputes have been over reconstruction, which is the common thread that links the threatened disputes of 1989. Unions challenge employer proposals for fundamental changes in working practices, terms and conditions and collective bargaining – all part of the micro-economy – to improve companies' and public sector organisations' performance in their product markets.

This contest over restructuring also explains why industrial action is likely to come in hrief waves, concentrated in some sectors of the economy, and why this is not the first and unlikely the last such wave. For the conditions employers need to win far-reaching changes are becoming less favourable.

The docks dispute is the best example. Employers want to use the abolition of the national dock lahour scheme, which has regulated most dock work since 1947, to introduce important changes in manning levels and to move from national to more localised collective bargaining.

Britain in dispute

Docks
Number of workers: 9,400
Union: Transport and General Workers Union
Issue: Abolition and replacement of national dock labour scheme
Position: National strike ballot likely to start later this week

Rail
Number of workers: Approx 100,000
Unions: National Union of Railwaymen, Aslef (train drivers), TSSA (white-collar)
Issue: 7 per cent final pay offer, changes to collective bargaining in run up to privatisation
Position: Union leaders meet today to consider national strike ballot

Electricity
Number of workers: 70,000 manual workers
Unions: EETPU, TGWU, GMB; AEU
Issue: 7 per cent pay offer, in run up to privatisation
Poeition: Result of industrial action ballot due May 8th

Engineering
Number of workers: more than 800,000
Unions: AEU engineering union, MSF general technical union, TGWU, GMB general union and EETPU electricians union
Issue: Rejection of two-year pay offer from Engineering Employers Federation, of 5.9 per cent a year
Position: Unions to consider strike ballot for selective action this summer

BBC
Number of workers: 18,000 of 27,500 strong workforce
Unions: National Union of Journalists, Beta (broadcasting union)
Issue: Corporation's final 7 per cent ofier
Position: Series of ona day strikes planned

Universities
Number of workers: 30,000 in dispute of 55,000 strong academic workforce
Union: Association of University Teachers
Issue: Final 6-7 per cent pay offer, including merit pay and ampioyers' suspension of old bargaining machinery
Position: Ballot for examination boycott, union plans not to mark this summers' exams

The possible dispute in the electricity supply industry essentially stems from the union's desire to fire a warning shot in advance of the industry's imminent privatisation. The employers want to cut staffing levels, introduce separate bargaining systems for each husiness division, some plant level bargaining, performance-related-pay, profit sharing and an employee involvement programme.

British Rail has already told its unions that it plans to scrap centralised bargaining in advance of privatisation. It is also introducing performance-related pay as part of its drive to improve customer service. University employers also want to scrap the service's old bargaining machinery and introduce more merit pay.

The threatened disputes at London Underground and in the engineering industry are abont important changes to working practices. London Underground wants to introduce more driver-only trains and to end the system of promotion by seniority. The engineering talks have faltered over the trade-off between the introduction of more flexihle working practices, simpler collective bargaining procedures and cuts in working hours.

Seen in this light the dispntes appear linked to the strikes at the beginning of last year, and the disputes in the postal and health services in the autumn. The Ford Motor Company strike last year was about the trade-off between pay and fundamental changes to working practices – away from the traditional production lines and towards work in flexible teams led by blue-collar workers.

The Dover seamen's dispute centred on P & O's determination to break through old manning arrangements for its cross channel ferries in the wake of imminent competition from the channel tunnel. The NHS dispute was about a fundamental restructuring of nurses' pay; the postal strike was ahont the introduction to regional pay to ease recruitment shortages in a corporation which is attempting to become mnch mora commercial.

But why has the pressure apparently become more intense? Restructuring is much more likely to provoke dispntes in the public sector than the private sector. The often cumbersome collective bargaining machinery of the public sector is far less able to accommodate big changes than private sector bargaining.

The integration of industrial relations into business strategies to improve customer service, for instance, through the introdnction of performance, merit or profit-related pay, is more of a wrench for tha public sector. This is not just a change to pay systems hnt part of a wider, tronbling change of culture from an ethos of public service to commercial competitiveness.

Thus several of the disputes in prospect – especially rail and electricity – are linked to moves towards privatisation or a further commercialising of services.

Perhaps most importantly the public sector does not have the private sector's resources to pay for long-term restructuring, while at the same time it constantly has to introduce special allowances in south-east England to combat intense skill and staff shortages. The Post Office's attempts to reform collective bargaining and pay systams have been frequently disrupted by the short-term conflicts produced hy recruitment difficulties.

Even when the public sector does have some money for long-term restructuring it is not necessarily effective. The pnblic sector pay review body reports published earlier this year concluded that the restructuring of teachers and nurses' pay had done little to improve morale, recruitment or retention.

The possible coming wave of disputes has a momentum from both sides. From the employers' sida it comes from a drive to maintain productivity gains hy continning to reform working practices. On the union side it comes from heightened pay expectations and greater confidence. The economic conditions for restructuring industrial relations has become mnch less favourable.

The mid-1980s provided a fairly clement climate for restructuring. Unions were still recovering from the hlows of the recession and redundancies of tha early 1980s. Low inflation, rising productivity and improved profitability in the mid 1980s provided companies with the stability, justification and resources to buy change.

The predictability of stable, low inflation has gone, at least temporarily. Two-year pay deals, which allow companies the time to introduce widespread changes to working practices, are much more difficult to conclude when inflation prospects are uncertain.

Macro-economic instability is making bargaining more unpredictable. A tightening labour market is giving unions more confidence in pressuring employers. Sustained earnings growth of at least 7.5 per cent over most of the 1980s has created strong pay expectations among workers.

Just as the economic cooditions have become less favourablc for employers so unions have become less constrained hy tho Government's industrial relations legislation. Unlons have become increasingly adept at using the legislation, which requires pre-strike ballots, as a tool in negotiations.

In the wake of the sequestration of the assets of the NGA print union, the National Union of Mineworkers and the National Union of Seamen during disputes, TGWU leaders have closely followed legal advice throughout their preporations for the dockers' ballot in an effort to ensure a strike is beyond legal challenge. Rail union leaders have been holding local meetings throughout the country over the last month in preparation for a ballot.

Indeed the Government is considoring issuing a formal codc, which could significantly tighten up the legislation introduced in 1982. The need for a code suggests the deterrent effects of legislation introduced just seven years ago are wearing off.

As wall as being more tactically adept, unions aro showing some signs of more careful atrategic planning about how they conduct disputes, what risks they are prepared to run and what they want from them.

Tha Association of University Teachers, for instance, has a ballot mandatc for a complete hoycott of examinations including setting papers and aupervising examination halls. But the union has scaled the action down to a ban on marking in an effort to maintain unity because it believes a split could lead to the union being hroken.

Union leaders in electricity and rail see this as a crucial year to warn employers about contemplating radical changes in collective bargaining – changes which tho unions fear could marginalise them.

Most strikingly, in the docks dispute, Mr Ron Todd, the TGWU's general secretary, has steered the union away from an unwinnable strike in protest at the Government's plans to abolish the national dock labour scheme, into a dispute with the employers over a voluntary, collective agreement to replace the statutory scheme.

It may still not take place, and if it does tha nnion may not win. But it has at least avoided assured disaster.

This may stand as the epitaph for all these disputes. Unions may be in better shape to contest restructuring, thereby limiting or delaying it. But employers are still determined to drive for such changes. The tightening of the labour market in the early 1990s, with the decline in the number of young people, could gradually shift the balance of initiative toward the unions, hut it has not happened yet.

None the less, employers may find that – after a period when they have been in a strong position to buy or push for change – they may now be robbed of the stability and predictability they need to embed the changes.

Britain is still some way from a new industrial climate, in which disputes would be about regulating changed practices – profit sharing, performance-related pay, flexible working practices, decentralised bargaining – which had already been embedded. Until that transformation takes place, disputes like those of the last few weeks are likely to continue – most conspicuously in those industries where pressures for change are most firmly resisted.

● Note: The article on this page on Saturday April 22, on the rush to create global communications groups, omitted to ascribe joint authorship to James Buchan. The article was in fact written hy Anatole Kaletsky and James Buchan.

OBSERVER

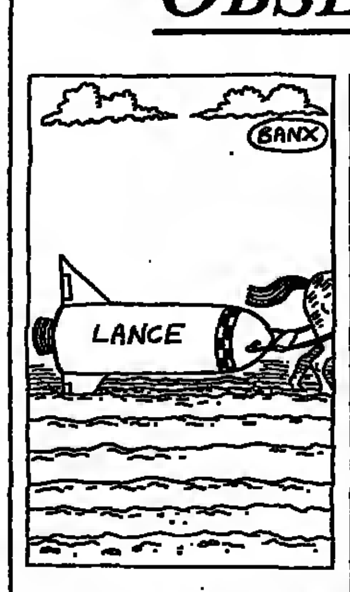
The Czechs see red

■ Socialist brotherhood in Eastern Europe is not what it used to be. Hungarian television, bent on using its new-found freedom to re-examine history, has managed to make the Czechs see red over an interview with Alexander Dubcek, the former leader condemned to obscurity by his role in the 1968 Prague Spring.

For a series on the future of Eastern Europe and communism, Hungarian television editor Andras Sugar went to interview Dubcek at his house in Bratislava, Slovakia. There he found, to his surprise, Dubcek willing to speak out on the events of 1968 in considerable detail. Dubcek voiced disappointment that Janos Kadar, the Hungarian leader, failed to support him over the Soviet invasion. "I say with sorrow that I was hoping thet in the end Kadar would say no (to the invasion)... or that Gomulka (the ex-Polish leader) would find the strength in himself. In my view Kadar and Gomulka ought to have done everything in their power (to prevent the invasion); they are the only ones who could have prevented this measure."

No sooner had the interview been broadcast than the Czechoslovak Foreign Ministry accused tha Hungarians of interfering in Czech internal affairs and demanded further material be witheld from Hungarian television. This protest provoked an unprecedented riposte from Sugar via the columns of Uj Szo, the Hungarian language newspaper in Slovakia. "Your present government says thet the larger interference with tanks in 1968 was right, something which the single legitimate Government and Czechoslovak Communist Party of the time, the Czechoslovak people, and Uj Szo itself protested against", Sugar wrote.

Sugar then put in the boot:"So while that interference was OK, mine wasn't,



Is that it? It seems to me that you only allow tanks to interfere with your internal affairs. My problem is that I don't have one . . . " Such a reply suggests Hungarian television will go ahead with plans to run the second part of the series tomorrow. Watch this space: the Czechs are bound to respond.

Aussie's best

■ One of Australia's fastest growing and best connected investment banks, Whitlam Turnbull, popped up as an adviser to Ranks Hovis McDougall in yesterday's £1.3bn bid for Goodman Fielder Wattie. The bank is headed by two of Australia's rising stars - Nick Whitlam, a former chief of the State Bank of New South Wales and son of Gough Whitlam, the erstwhile Australian Prime Minister, and Malcolm Turnbull, who poked enough holes in the British Government's case against Peter Wright, the anthor of Spycatcher, to win a celebrated case in the Sydney courts.

Another director is Neville Wran, former New South Wales Premier. The bank was formed in 1987 with finance from such leading lights as Kerry Packer and the late Larry Adler.

Spy museum

■ Museums are mushrooming so fast in Britain's leisure culture there is a danger of overkill. However, the Cheltenham Tourist Board has come up with an ingenious idea self: a museum of espionage.

"We carried out informal soundings on Cheltenham's image and although our reputation as a spa town was well known, we discovered a lot of people associated us with GCHQ, the government's top secret communications headquarters; and from this grew the idea of a museum about the spy business," says Peter Rollins of the Tourist Board. GCHQ has been in the news ever since an employee, Geoffrey Prime, was found to be passing on to the Soviets sensitive information about British eavesdropping. This prompted the Government in 1984 to impose a controversial de-unionisation of the staff.

The museum proposal has now gone through a feasability study and a council owned site, an old granary, has been earmarked. "There are a few more stages to go yet but basically we feel if we can provide the building and then find a sponsor willing to put up about £750,000, the council will give the go ahead," Rollins enthuses.

Baton down

■ The ever turbulent position of Herbert von Karajan as lifetime conductor of the Berlin Philharmonic was quietly ended yesterday when the 81 year-old maestro handed over a statement at his home in Salzburg to the head of West Berlin's Culture Department, Dr Anke Martiny. "I ask you to take note of the fact that as of today I am ending my work as Artistic Director and Permanent Conductor of the Berlin Philharmonic Orchestra" the message began. Dr Martiny said von Karajan's decision was taken for reasons of health and hoped he would be able to bid farewell to Berlin and the orchestra in a suitable manner.

The conductor, who has long suffered from a painful back ailment, has been able to conduct in recent years only while propped on a stool. Von Karajan's relationship with the orchestra proved increasingly controversial, especially after his selection of a woman to join the orchestra which was bitterly opposed by members. This in turn led to his boycott of the orchestra for several months.

Members of the orchestra, nevertheless, have profited mightily from his media company which had exclusive film and television rights to record him with the Berlin Philharmonic. The mantle is not going to pass easily, even though his presence on only seven occasions annually in Berlin gave guest conductors ample opportunity to show their paces.

Cat-call

■ The Chinese students' pro-democracy protests have produced some devastatingly vitriolic poster cartoons of Peking's leaders. One imaginative student has drawn Premier Li Ping as a snail - "afraid to come out of his shell and face the students". The most cutting is a picture of Deng Xiaoping, the Chinese leader. In an oblique reference to his famous saying "It doesn't matter if the cat is black or white as long as it catches mice", he is shown as a cat, strung up in a noose.

Robert Graham

LETTERS

Democratic responsibility in the EC

From Mr Martyn Bond.

Sir, Ian Davidson's perceptive article ("Strong tide carries Europe towards unity," April 20) stopped short of the problem of democratic responsibility in an European Community that that is moving towards economic and monetary union. Such a move will indeed have "profound political consequences," one of which will be to highlight the present democratic deficit in decision-making in the European Community.

As national parliaments discover themselves increasingly unable to scrutinise the volume of proposed EC legislation, it becomes increasingly clear that their role in this will have to be subsumed by the European Parliament.

The Single European Act has partially empowered the European Parliament in respect of *the bulk of legislation linked* to the 1992 programme. As progress in that economic direction becomes irreversible, so the need for more progress on the political and constitutional level will become more pressing. The European Parliament will more and more become a co-legislator with the Council of Ministers.

The European elections this *June already* giva the electorate across the whole European Community a chance to express their views on just such a development.

Martyn Bond,
Head of Information Office,
European Parliament,
2 Queen Anne's Gate, SW1

The Companies Bill in the House of Lords

From Lord Beaverbrook.

Sir, I was more than a little surprised by an article written by your Parliamentary correspondent regarding Lord Young's handling of the Companies Bill in the House of Lords ('Companies Bill faux pas reflects on Young,' April 22).

As the Department of Trade and *Industry spokesman* and whip in tha last session, when I assisted Lord Young in the passage of the Intellectnal Property Bill, perhaps I could explain the real situation.

That bill, like the current Companies Bill, was politically uncontroversial. It was also, again like the Companies Bill, immensely complex. This has two results.

First, the Bill is inevitably suhject to some redrafting while in the House of Lords and the House of Commons. This does not mean that the Bill was in any sense sloppily drafted in the first place, but that the Government is listening to comments from inside and outside Parliament, and responding to them.

Second, given the politically *uncontroversial* nature of the Bill, the whips have considerable freedom to move it around the Parliamentary schedule to enable them to secure the passage of more controversial legislation.

I know from my many conversations with Lord Young about the current Companies Bill that this rescheduling has often led to clashes with long-planned trade missions.

Since January, Lord Young has visited India, China and the United States, and often the revised dates for the committee and report stages of the Bill have coincided with these visits. In these circumstances should long-standing invitations from foreign governments he cancelled at short notice?

I know that Lord Young has found these decisions most difficult but, sharing your confidence in Lord Strathclyde, he has felt able to delegate, particularly on the occasion when debate was scheduled for *the* same period as the visit of Mr Gorbachev (Lord Young was committed to talks with him and his industry minister).

The general premise of your article is therefore quite wrong. But you also made one further assertion which was deeply offensive.

To suggest that the collapse of business on Thursday was attribntable to Lord Young's absence is to demonstrate a misunderstanding ehout the different roles of the whips and ministers.

It also makes no allowance for the fact that on this occasion, Lord Young was unable to be in the House after about 6.00pm, as it was Passover. This of course applied to many Jewish peers and substantially increased tha difficulty of keeping adequate numbers present to secure the passage of the Bill on that evening.

Beaverbrook,
House of Lords, Westminster,
London SW1

Harsh light on costs

From Mr Peter Kreamer.

Sir, None of the 20 private generators mentioned by Mr Michael Spicer, the junior Energy Minister (FT, April 11), will go forward withont a long term contract from a potential customer for electricity.

Assuming this is obtained from an area board company, the quantity involved will be a small percentsge of the customer's peak demands. It will nevertheless rednce the total anticipated sales of one of the bulk suppliers. The bulk suppliers will then raise rates to compensate for loss of sales, to cover their high fixed costs.

You cannot have effective competition, in a product you cannot store, to meet peaks in demand. If you squeeze him, the hulk supplier will switch yon off. Mr Spicer should ask Mr Edward Heath what happens next.

Peter Kreamer,
39 Bell Lane, Eton Wick,
Windsor, Berkshire.

Hostility wins

From Mr Paul Spencer.

Sir, The debate organised by the Association of Corporate Treasurers at the Bank of England was not on the argument that the threat of hostile takeovers is the only way to keep companias afficient (Letters, April 12), but on the motion that hostile takeovers tend to be bad for industry.

Neither Sir James Goldsmith nor Martin Taylor, its opposers, nor any other speakers, advocated that hostile takeovers were the only way to keep companies efficient.

There are, of course, many other ways being demonstrated by companies every day. For the proposition, Sir John Harvey-Jones discussed the differences between the UK/US systems and the Japanese/German systems, and questions of technological innovation.

However, at the end of this well-fought debate, a houseful of leading UK industrialists and representatives of the City overwhelmingly voted that hostile takeovers are a very *necessary part of the system.*

Paul Spencer,
The Association of Corporate Treasurers,
City Innovation Centre,
26-31 Whiskin Street, EC1

Battle for BMP

From Mr John Banks.

Sir, Boase Massimi Pollitt (BMP) is still questioning (April 21) whether Young & Rubican, a private advertising agency, has an interest in BDDP, a Paris-based group trying to purchase BMP.

As you correctly reported, Young & Rubican has no financial stake in BDDP.

Young & Rnhlcan France once owned a majority share in a *second agency called Snip.* When Mr Jean Claude Boulet decided to leave Y&R it was on very good terms, and we agreed to sell him and his partners our interest in Snip as a base for them to build a new agency. The company's name was changed to BDDP. This was in 1964.

The deal was in two steps. Initially Mr Boulet bought 60 per cent, with the option to hny the balance by the end of the year. He exercised that option in full. Since this took place in 1984, neither Young & Rubican nor any of its companies or subsidiaries have any *financial* interest whatsoever in BDDP.

John Banks,
Young & Rubican,
Greater London House,
Hampstead Road, NW1

Principle may cut two ways

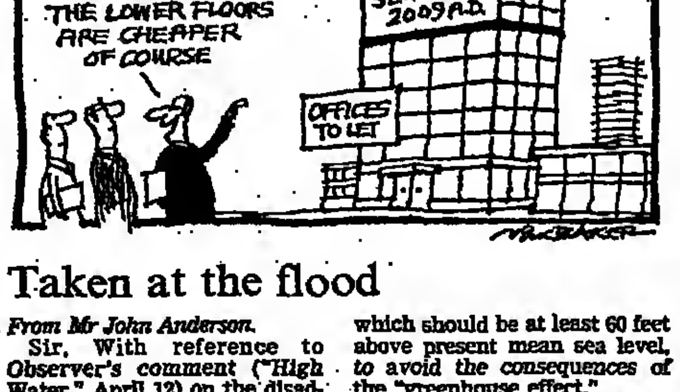
From Mr Stanley Alderson.

Sir, You report (April 17) that the 60-strong council of the Royal College of General Practitioners has rejected the white paper, "Working for Patients," by 59 votes to one.

In the national health service, GPs would be expected to meet budgetary targets, or else face proportionate financial penalties. *In the interests of a* healthy economy, do members of the Government also accept this principle?

Thus, if tbc Chancellor of the Exchequer's budgetary targets are not mct – inflation rate, international deficit, level of consumer spending, or whatever – can we expect that Government ministers will collectively take proportionate cuts in ministerial salaries?

Stanley Alderson,
7 Highfield Avenue,
Cambridge.



Taken at the flood

From Mr John Anderson.

Sir, With reference to *Observer's comment* ("High Water," April 12) on the disadvantageous effects of rising sea levels, it may interest you to know that already this year our property search department has had two requests to find commercial properties which should be at least 60 feet above present mean sea level, *to avoid the consequences* of the "greenhouse effect."

The clients concerned seem to be quite serious.

John Anderson,
Relocation Management Associates,
46-47 Pall Mall, SW1

Move it by tube

From Mr D.A. Coggrave.

Sir, Building more roads for London seems to result only in more room for longer jams. At times when roads are relatively clear of traffic, the weight of goods vehicles is restricted (or vehicles banned) for environmental reasons.

Between midnight and 6am the London underground system is almost unused. At other times, except during the rush hour, there is spare capacity on many lines. Has anyone ever contemplated moving freight on this system?

Suitahle containers to run on purpose huilt bogies could be *constructed. Getting* the containers to the surface would require expensive engineering work, but if new lines are to be huilt, this is a feature which might be worth consideration.

D.A. Coggrave,
23 Wentworth Park, N3

'The CSO will have no greater powers to demand information'

From Mr J. Hibbert.

Sir, There were some misconceptions about the future role of the *Central Statistical* Office (CSO) in the letter from Mr J.L.T. Davies (April 13).

It is true that the CSO will have more people and money in future, hut this is being achieved by transferring work on economic statistics from the Department of Trade and Industry and the Department of Employment. There will be little change in tbe overall Government resources devoted to this work.

However, the *transfer* will bring under one management much of the work of compiling *macro-economic statistics,* together with the associated business surveys, so that priorities and prohlems of tha national accounts can be tackled in a more co-ordinated and effective way.

The new CSO will have no *greater powers to compel* private industry to report information than the constituent parts of Government formerly carrying ont these functions. There are no plans for an increase in the overall volume of data collected from business surveys, although increased *flexibility in the new organisa*tion could well mean decreasing statistical reporting in some parts of the economy and increasing it in others.

I was interested in Mr Davies' ideas ahont using firms' manegement information systema for providing aggregete statistics for the nation. The purposes and concepts of macro-economic accounting are necessarily different from the management information systems of individual firms and organisations. Moreover, it is argueble *whether there is much standar*disation in the internal information systems of the various organisations which contribute to our surveys.

However, Mr Davies' ideas are worth exploring. I hope he will be able to let me have examples of what he has in mind.

J. Hibbert,
Director, Central Statistical Office, Cabinet Office,
Great George Street, SW1

The UK deficit in manufactured goods must be tackled

From Sir John Collyear.

Sir, The large and persistent balance of payments deficit in manufactured goods is one of the few economic problems that this Government's otherwise successful policies have failed to solve.

Clearly we cannot expect to have a continuing surplus in all tho various sectors of a complex economy like the UK's. From time to time factors external to our own economy will affect them, sometimes favourahly and sometimes unfavourably.

But the deficit in manufactured goods (particularly high technology goods) Is an endemic and growing problem. If this is not tackled in an effective, lasting way, the UK will bo left economically very vulnerable when other sources of surplus are in difficulty.

It is a dangerous mistake to assume that UK lack of cost competitiveness can be solved (other than by temporary respite) by concentrating on holding down wage rates or wishing for a cheaper currency. UK labour wage rates, including "fringes," are low by comparison with our important competitors, even at current exchange rates.

It is also illusory to imagine that a further decline in the UK balance of payments will, by weakening sterling, immediately produce a favourable lasting response from our manufactnring indnstry. The experience of the last 20 years makes the point. High technology industries are not created overnight. They need long term commitment and investment – particularly intangible investment.

Our lack of effectiveness is deep seated. Tha principal cause is our failure to engineer, properly, UK products in a way that provides attractive, functionally competent designs associated with manufacturing technology which ensuras quality and market satisfaction with profit. Pursuit of this objective reqnlres a big increase in the funds devoted to research and development (R&D).

As a former chairman of the Technology Requirements Board I have had some close-hand experience of Government attempta to stimulate industrial R&D by the use of grants. While they have been of some benefit, they really have not made a basic change to the way in which a large proportion of manufacturing industry invests in development. Shortage of cash is not usually the problem – it is the short term effect on the "bottom line."

Public limited companies in the UK operate in e financial climata which encourages short term results to be paramount. This comes in part from the highly institutionalised shareholding structure, which performs through fund managers who are themselves often judged on short term results.

They must not be hlamed and badgered. They react to the climate. Better communication between industry and the City, although beneficial, is not the solution, nor is exhortation. Industrial and investment managers have to hehave in the climate they are in. Change the climate and they will change.

The financial climetic changes needed will have succeeded when the value decisions of shareholders take more account of intangible investment for the foture. (Publishing R&D expenditure would help a little). In addition, the framework for takeovers needs adjusting, so that managers are not inhibited from increasing R&D expenditure (and, hence, redocing immediate profitability) hy the fear that a predator can step in and reap profit rewards both by enjoying the benefits from that investment, and by subsequently reducing R&D expenditure. It is as if, for a Government, the Opposition can call a general election at any time.

Debate on the financial climate changes needed is long overdue.

John Collyear,
Walnut Tree House,
Nether Westcote, Oxfordshire.

FOREIGN AFFAIRS

Liberalism versus nationalism

Edward Mortimer explores the contradictions in Mrs Thatcher's alternative European vision

Mrs Thatcher was presumably gratified by the formation of the Bruges Group to support the ideas she put forward in her speech at Bruges last September, and was prohebly delighted to hear that it was to *hold its "international launch"* in Bruges in the week following the puhlication of the Delors Report on economic and monetary union. The report was obviously going to contain more of the European federalist ideas on which she has declared war. How convenient, therefore, to have it immediately countered by a demonstration of pan-European support for her alternative European vision.

In the event, however, the attempt to turn Thatcherism into EuroThatcherism exposed a central contrediction: between liberalism and nationalism; between the glorification of market forces and "batting for Britain"; between "rolling heck the frontiers of the state" and making a fetish of national sovereignty.

Of course liberalism and nationalism are not strangers to each other historically. They were allies throughout the 19th century, exalting the rights of "the people" or "the nation" (often interchangeable terms) against those of absolntist regimes and dynastic or colonial empires. Bnt they were bound to part company once nationalism had triumphed and states became, almost by definition, nation-states, so that state control was equated with "nationalisation". Liberalism nowadays, in defending the autonomy of individuals against interference from authorities claiming to represent the collective interest of the group, finds that the group in question is most often the nation.

Perhaps that is going to change. Perhaps in the course of the next century we shall see the nation-state replaced hy a supranational entity. In that case the nationalisms currently identified with nation-states might again make common cause with liberalism. If so, EuroThatcherism is an idea wey ahead of its time. Meanwhile, it is caught between two possible readings of the Bruges speech.

The reading which caught most headlines was the nationalist or "Gaullist" one. This reading assumes that all the polite remarks about Europe in the speech were simply sugar on the pill, probably added hy the Foreign Office, and that *the* underlying message was anti-European. According to this version one should read between the lines: "British membership of the Community is one of the many ghastly mistakes inherited from my pseudo-conservative predecessor, Edward Heath. I cannot actually reverse it, or at least not now; so I will get what advantage I can out of it to compensate for the disadvantages. But I will do my damnedest to see that Britain doesn't get any further entangled in this Euro-nonsense than absolutely necessary."

That version still finds an echo in the gut feelings of many ordinary British people, though probahly a decreasing proportion. It also conforms to the pnblic image of Mrs Thatcher not only in Britain hut abroad, where naturally it is her resolute, hloody-minded defence of British national

Alas, 'rolling back the frontiers of the state' conflicts with 'batting for Britain'

interests that attracts attention. It does find an echo in some other European countries, especially France of course. But an echo in that context is not quite the same as support, since nationalism of this variety emphasises conflict between the interests of one nation-state and another. De Gaulle always professed to admire Britain's skill in promoting its national interest, but he believed French national interest required him to stand up to it. So while Mrs Thatcher may have admirers of a grudging sort in France today, she has virtually no supporters; and even some of those not-very-representative Frenchmen who turned up at Bruges on Friday were anxious to dissociate the enterprise from her name as far as possible. "It is difficult for a French politician to support a position supported hy Mrs Thatcher," explained one of them, Prof Pascal Salin. "In my country she has a very bad image."

The other reading of the speech takes the Euro-rhetoric in it seriously, and interprets *it* as a bid to make Thatcherism the economic creed of Europe. This is the interpretation favoured by the French Prime Minister, Mr Michel Rocard, who is a socialist, albeit a very modern-minded and pragmatic one. Mr Rocard came to London in January to warn us against supposing that any one country could impose its economic doctrine on the Community, which is clearly what he sees Mrs Thatcher as trying to do; and he reverted to the theme in his TV interview last Thursday. He feared, he said, that Mrs Thatcher's vision of Europe was "a jungle, a house with tbe windows wide open to all the winds, where there is no pilot in the plane" (evidently a jungle of metaphors too). The other vision, which he himself preferred, was "a piloted Europe, a Europe of free trade and economic competition of course. But one where there are some rules of the game."

Mr Rocard, in other words, sees exactly the things wrong with Thatcher's Europe that the opposition parties see wrong with Thatcher's Britain: market forcea, which are healthy and necessary in their place, would be allowed to run wild, instead of being properly regulated hy collective authority, and the Community's ability to stand up for itself in competition and argument with the rest of the world would thereby be impaired.

It is this liberal aspect of EuroThatcberism which is emphasised hy the Bruges Group, whose named members seem to be almost all academics, including high priests of *neo-liberalism* such as Lord Harris of High Cross and Prof Kenneth Minogue. Theirs is a genuinely international school of economic thought, and most of the continentals who turned up et Bruges on Friday evidently belonged to it. But they of course have no truck with the nationalist aspects of Thatcherism, end some of them insisted even on dropping from the manifesto a proposed reference to the undesirability of submerging "the sovereignty of member states of the Community into some European political unit." They were quite happy to "reject the increasingly interventionist nature of European Commission directives that are being proposed through the misinterpretation of the Single European Act," hut some of them seem also to have been aware thet the present Commission is not as interventionist as all that and that much of their manifesto would win its bearty endorsement.

The fact is, as any American constitutional historian could tell you, that federalists and liberals are natural allies. Federalism is a thoroughly whiggish idea: it involves sharing out power between different levels of authority so that each acts as a cbeck or balance against the others. Mrs Thatcher and Mr Lawson dislike Europeen federalism because it implies e cbeck on tbe autbority of the netion-state which tbey are in charge of. That is the very reason why liberals should be, and increasingly are, in favour of it – until that far-off day when the balance of power shifts in favour of tbe federal authorities against the national ones.

The trouble with European federalism, in the form it is currently developing, is the famous "democratic deficit": power at the Community level is exercised either bureaucratically by the Commission or, in most significant cases, by bargaining among national governments. The Commission is at least theoretically accountable to tbe European parliament. The national governments are individually accountahle to their respective national parliaments, but not collectively accountable to anyone. That enables them to govern the Community in a more *arbitrary and authoritarian* way than they can get away with in governing their respective countries. Genuine European liberals should focus their attention on that problem – hut there, I fear, they will not find Mrs Thatcher an ally.

FINANCIAL TIMES
Tuesday April 25 1989

EC moves to co-ordinate policy on Eastern Europe

By David Buchan in Luxembourg

EC foreign ministers yesterday formally suspended economic co-operation talks with Romania, but at the same time held out to Poland the prospect of a quick and relatively generous trade accord with the Community.

Such marked use of economic carrot-and-stick to convey political reward or penalty signalled yesterday's launch of a new "global, consistent and dynamic approach" by the Community towards Eastern Europe.

EC ministers concluded that fast-moving events in Eastern Europe required a special degree of policy co-ordination.

Normally, foreign ministers of the Twelve keep so-called political co-operation out of the strict Community context and quite separate from EC commercial policy, which is decided by ministers but carried out by the European Commission in Brussels.

But ministers agreed to blur this distinction in the interest of making the Community more rapidly responsive to what is happening in the East, and of maintaining a "differentiated" approach between countries such as Poland and the Soviet Union, which are making democratic strides, and Romania, where President Nicolae Ceausescu has, if anything, increased repression in recent years.

The EC Council said that, following the government-opposition "round-table" agreements in Warsaw, it wanted to make "a constructive contribution" to Polish reform.

The ministers said they wanted a rapid conclusion to negotiations begun last month for an EC-Polish trade and co-operation accord.

Mrs Lynda Chalker, the junior UK Foreign Office Minister, said the EC should do what it could to underpin Polish reform.

A suggestion by the UK, which, like France, has swung in the past year towards supporting a more active EC policy towards the East, was for training in EC countries for Polish managers.

"This would be of real benefit to Polish industry, precisely during the most difficult early stages of modernisation, and could be given in advance of a trade agreement," she said.

Negotiations with Poland might be wrapped up in June, according to Commission officials, who also said they might get a council mandate for talks with the Soviet Union as early as next month.

While the council wants talks with Warsaw and Moscow put on a fast track, it formally derailed a current, although desultory, set of negotiations with Bucharest because of Romania's failure to meet its human rights commitments under the Conference on Security and Co-Operation in Europe (CSCE).

In fact, the last formal talks on Romania's request for an economic co-operation agreement (it has had a simple trade deal with the EC since 1980) took place in autumn 1987.

EC ministers warned of "further action" if the suppression of dissent and forced relocation of peasants became worse in Romania.

The push for a more co-ordinated and higher-profile Community stance towards the East has been led by Mr Jacques Delors, the Commission President, and, in the council, by Mr Leo Tindemans, the Belgian Foreign Minister.

For several months, their pleas have fallen on deaf ears, with several countries particularly irritated by Mr Delors' call for co-ordination of the terms on which the Twelve offer export credit to the East.

This is already regulated within the Organisation for Economic Co-Operation and Development.

But rapid political developments have evidently persuaded countries such as the UK and France of the need for better co-ordination, even if that means some Commission encroachment into the area of East-West political relations that member states have so far jealously guarded.

Tanzania on a potholed road to recovery

Reforms backed by the IMF and World Bank are delivering growth after years of stagnation, reports Aidan Hartley

President Ali Hassan Mwinyi: aiming to reduce the number of state-owned companies and revive the private sector

IMPLEMENTING economic reform in Tanzania is rather like travelling along one of Dar-es-Salaam's potholed roads. Progress is slow, you swerve a great deal, and occasionally end up in a rut.

Among the objectives of the Government's reform programme is the revival of the private sector and a reduction in the number of state-owned companies.

Yet this month the Government decided to withdraw licences from six private companies that were to brew beer in competition with the state company, which has monopolised the industry since 1967, the year of the Arusha declaration which committed Tanzania to socialism. Meanwhile, nationwide shortages have sent beer prices up to three times their official level.

This pothole notwithstanding, Tanzania is travelling down the road of structural adjustment, encouraged and supported by the World Bank and the International Monetary Fund.

The process began somewhat cautiously five years ago when Mr Ali Hassan Mwinyi succeeded Mr Julius Nyerere as President, but has since been gathering pace.

Reforms accelerated after an IMF agreement in August 1986. The Fund's endorsement of economic policies opened the way for a $2.4bn Western government aid package in support of a three-year recovery programme.

The Tanzanian shilling was devalued, price controls lifted, agricultural producer prices raised, and a larger role given to the private sector. But backing for the changes has not been unanimous. Orthodox socialists led by Mr Nyerere – who stayed on as chairman of the ruling party, Chama Cha Mapinduzi after handing on the presidency to Mr Mwinyi in 1985 – often claim reforms have gone too far.

Last year, for example, Mr Nyerere singled out trade liberalisation for harsh criticism. Importers can now use money held overseas, even illegally, to bring in goods. This trade may account for $250m a year, according to the World Bank. Mr Nyerere, however, argued that the measure promoted smuggling, and claimed most of the goods were luxuries that few Tanzanians could afford.

For a while the reform process seemed in jeopardy. Hardliners in the ruling party also opposed further changes, which included an end to the monopoly of state-owned marketing boards over purchases of food and export crops, and an additional 22 per cent devaluation of the Tanzania shilling.

For six months a debate within government over the merits of these and other steps held up drawings on an IMF structural adjustment loan worth $89m in total, as well as $800m of donor funds contingent on implementation of the reform package.

Mr Mwinyi apparently swung the party vote in October – having won Mr Nyerere's tacit approval – and ushered in the required changes. Most powers of the marketing boards will be devolved to farmers' co-operatives, and the devaluation went ahead in November.

Western creditors responded by rescheduling some of Tanzania's $5bn external debt at a meeting last December of the Paris Club of official creditors, cutting its 1989 debt service obligations of $330m by half.

The reforms, say most economists, are working. Real growth is expected to reach 4 per cent in 1988-89, compared with years of negative growth in the early 1980s.

Last week, Mr Mwinyi showed that he was determined to press ahead, launching a $1.3bn five-year development plan which aims to raise gross domestic product growth to 6 per cent a year by 1992-93. Exports which rose 8 per cent in the first year of the economic recovery programme to $388m in 1987-88, are budgeted to rise to $681m by 1992-93.

Reviewing the progress of the past few years, the President told Parliament: "Problems are still there but what is emerging is that our efforts are not for nothing."

The reforms are having their greatest impact in the agricultural sector, mainly due to the response to incentives by farmers who produce the important export crops: coffee, cotton, sisal, tea, cashews and tobacco.

The mining sector is also picking up. An offer to gold and gem dealers to keep 70 per cent of their profits in foreign exchange is reducing the incentive to smuggle. A similar facility is available for non-traditional exports such as beans, cocoa and spices.

On the industrial front, donors are providing foreign exchange for machinery and spare parts to get the factories working at above 20 per cent capacity, including state-owned industries, some of which are being privatised.

"You are seeing the winds of change in favour of the private sector," enthuses Mr Chotubhai Somai who in March took over four government-controlled companies, on the island of Zanzibar, that had been dormant for three years.

If the reform programme is maintained, Tanzania will be eligible for an enhanced structural adjustment facility from the IMF, which offers concessional interest rates and longer-term repayment.

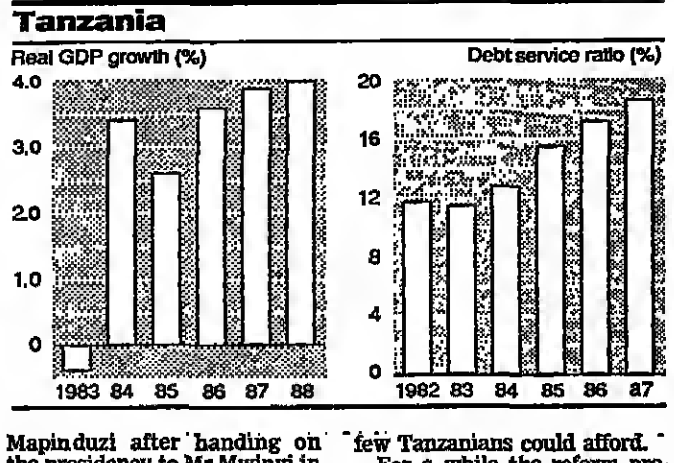
Yet Tanzania still faces formidable problems.

With a current account deficit of $800m last year, Tanzania will be heavily reliant on donors for years to come. Only with donor funding for essential items such as spare parts and machinery can the Government hope to sustain a small but steady growth in imports, from $1.2bn in 1987-88 to $1.4bn in 1992-93.

A sustained recovery will also be dependent on a flourishing private sector, assisted by new foreign investment. Yet businessmen are still waiting for an investment code.

But perhaps the greatest obstacle to economic recovery is the dilapidated road and rail infrastructure which has left thousands of tonnes of crops stranded in the vast interior. A 10-year, $500m road repair programme is getting under way. In the meantime the business community is keeping a sharp eye open for potholes.

Tanzania



Khomeini opens way for political reform

By Victor Mallet, Middle East Correspondent, in London

AYATOLLAH Ruhollah Khomeini, the Iranian leader, yesterday appointed a committee to revise the country's constitution, opening the way for an eventual resolution of the power struggles which continue to plague Iranian politics.

Ayatollah Khomeini told President Ali Khamenei in a letter that the 20-man committee should finish its work within two months so that the revised constitution could be put to a referendum, Tehran Radio reported.

Iran has been in turmoil since Ayatollah Hossein Ali Montazeri was forced to resign in March as designated successor to Ayatollah Khomeini, now 86 years old. Many people have been arrested and there were clashes between supporters and opponents of Montazeri in his home town of Najafabad.

Ayatollah Khomeini was quoted as saying that the new committee would focus on the centralisation of executive and judicial powers, the reform of the state media and the size of parliament.

The formation of the committee could favour Hojatoleslam Ali Akbar Hashemi Rafsanjani, the relatively pragmatic Speaker of the Iranian Parliament and acting armed forces chief who has been nominated as a presidential candidate for elections in August, particularly if it discusses proposals to eliminate the post of prime minister and give the president more power.

Rafsanjani was among those appointed to the committee, along with President Khamenei and Prime Minister Mir-Hossein Mousavi, while Mr Ali Akbar Mohtashemi, the hard-line Minister of the Interior, was noticeable by his absence.

Rafsanjani appears to have returned to the political fray after keeping his head below the parapet at the time of Ayatollah Montazeri's resignation, and it was he who announced on Friday that senior Iranian officials and military officers had been arrested on charges of spying for the US.

Elite colleges in Chinese unrest

Continued from Page 1

At the weekend, the staff of a Government-run magazine, The Journal of Science and Technology, were reported to have walked out after officials would not publish their account of student demonstrations. They published their stories independently and displayed them at Peking University.

Foreign journalists were denied entry to Qinghua University, but had no trouble entering the nearby Peking University, where the quadrangle was covered in posters criticising the Government.

New demands, calling for guaranteed human rights, an end to the dominance of the Communist Party, the release of political prisoners, and separation of state and legal powers, had gone up overnight. Students feverishly copied posters which conveyed messages such as "The people's prime minister (Li Peng) is afraid of the people," and "Go on strike."

In Peking, the boycott seems to have been 90 per cent effective. In other parts of China student leaders said the strike had also been observed, though less scrupulously.

Amnesty report, Page 4

UK moves to tighten airport security

By Lynton McLain in London

FURTHER MOVES to improve airport security in the wake of the bombing of the Pan-Am airliner, which killed 274 people when it blew up over Lockerbie in Scotland, were announced by Mr Paul Channon, the British Transport Secretary, yesterday.

He told the House of Commons that he would be seeking increased statutory powers to force companies operating at airports to tighten up security.

In addition, Mr Channon said, airports and airlines were being told to:

- Ensure closer examination of all items taken on aircraft such as radios and computers which could conceal bombs.
- Screen all hold baggage on flights deemed to be at higher risk.
- Tighten security requirements for cargo, mail and courier consignments.
- Achieve better separation of inbound and outbound passengers. Mr Channon said this might require structural alterations, or equivalent safeguards at some airports.
- Change the construction of aircraft interiors to make it harder to hide weapons and explosives and to make them easier to search.

In addition, he announced that the Transport Department's Aviation Security Division would be doubled to 16 people to become an Aviation Security Inspectorate responsible for annual visits to airports to check security.

The Department was also to double its spending on security equipment research and development this year to £1m ($1.71m).

The new powers being sought by Mr Channon would extend his current ability to issue directives to airlines and airport managements to other companies at airports such as cleaning companies.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	-	-	Dubrovnik	S	16	61	Malta	S	12	54	Rhodes	S	24	75
Algiers	F	24	75	Edinburgh	C	06	43	Manchester	C	06	43	Rio de J'o	C	28	82
Amsterdam	C	09	48	Faro	R	13	55	Manila	F	36	96	Rome	F	17	63
Athens	C	26	79	Florence	S	18	64	Melbourne	S	●	64	Salzburg	S	17	63
Bahrain	F	34	93	Frankfurt	F	12	54	Mexico City	F	27	81	San Francisco	C	15	59
Bangkok	F	37	99	Funchal	C	18	64	Miami	F	26	79	Seoul	F	24	75
Barcelona	F	16	61	Geneva	F	14	57	Milan	S	18	64	Singapore	R	32	90
Beirut	F	24	75	Gibraltar	F	18	64	Montreal	C	05	41	Stockholm	F	06	43
Belfast	F	05	41	Glasgow	F	06	43	Moscow	F	18	64	Strasbourg	F	17	63
Belgrade	R	06	48	Guernsey	R	05	46	Munich	S	17	63	Sydney	F	22	72
Berlin	F	15	59	Helsinki	F	10	50	Nairobi	C	23	73	Taipei	F	23	73
Biarritz	F	19	66	H. Kong	F	25	77	Naples	S	20	68	Tangier	F	●	64
Bombay	S	32	90	Innsbruck	S	15	59	Nassau	F	28	82	Tel Aviv	S	27	81
Bordeaux	S	19	66	Inverness	Sn	02	36	New Delhi	F	38	100	Tenerife	F	20	68
Brussels	F	11	52	Islamabad	C	33	91	New York	F	15	59	Tokyo	C	21	70
Budapest	F	20	68	Istanbul	F	18	06	Nice	F	16	61	Toronto	F	10	50
B. Aires	C	23	73	Jakarta	C	33	91	Nicosia	F	35	95	Tunis	S	24	75
Cairo	F	34	93	Jersey	R	08	46	Oporto	F	17	63	Valencia	R	13	55
Cape Town	?	24	75	Jo'burg	F	30	86	Oslo	F	07	45	Venice	S	18	64
Caracas	C	28	82	Lima	F	24	75	Paris	C	16	61	Vienna	S	15	59
Casablanca	C	19	66	Lisbon	R	17	63	Peking	S	21	70	Warsaw	F	13	55
Chicago	R	16	61	London	C	08	46	Prague	S	●	61	Washington	S	08	46
Cologne	S	16	61	Los Angeles	C	20	68	Reykjavik	S	06	32	Zurich	S	15	59
Copenhagen	C	06	45	Luxembourg	F	13	55								
Corfu	S	30	66	Madrid	D	12	54								
Dallas	S	18	64	Majorca	F	15	59								
Dublin	R	07	45	Malaga	C	16	61								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Hussein accepts premier's resignation

Continued from Page 1

the move was uncharacteristically swift, reflecting the scale of official concern over the recent riots. Mr Rifai, 53, was a boyhood friend of the King's, and had previously been Prime Minister between 1973 and 1976.

In a letter to Mr Rifai, King Hussein praised the former Prime Minister for steering the country through "a critical and difficult period in which there was a need for a comprehensive reassessment of our economic policies and our plan on the national level".

It was not immediately clear last night who might be the next Prime Minister.

Ten people are believed to have died in the past week's violent disturbances.

They were triggered by an increase in the prices of fuel and other basic commodities imposed two weekends ago under an economic reform programme agreed in return for standby credits from the IMF and World Bank totalling $250m.

But the demonstrations swiftly turned into angry opposition to a Prime Minister accused of corruption and repression.

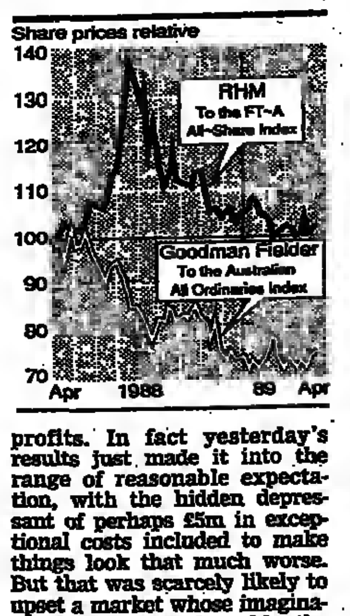
Jordan's influential professional associations, which are the only forum for political expression in the Kingdom, joined the call for his resignation at the weekend.

Jordanians do not appear to be under any illusions that the formation of the new government will in itself solve the country's problems. Some leading members of the elite were yesterday calling for further moves to broaden popular participation in Jordan's political life.

THE LEX COLUMN

Standing Goodman on its head

In turning the tables on Goodman Fielder, RHM has presented the markets with a genuine puzzle. The first reaction was to see the bid as a manoeuvre to put pressure on Goodman's holding in RHM. There will be that aspect to it; but it also seems clear that RHM is seriously interested in owning Goodman outright. This is not wholly inconsistent with having rejected the proposal the other way round. It was RHM's contention that the chief flaw in the Goodman proposal was its gearing: this time, the cash is to come from the underwriters.



The bid's chances seem to depend largely on two individuals: Mr John Elliott of Elders, and – most crucially – on Mr Pat Goodman. Mr Elliott's views are not yet known, but he holds 12 per cent of Goodman, and if he chose could raise pointed questions with the Australian authorities on the question of takeover reciprocity with the UK. And indeed, given the presence of AB Foods in Australia, the proposed bid would mean more than half of the Australian bread market coming under British control.

As for Mr Goodman, his 29.9 per cent stake in RHM, plus whatever is still with the arbitrageurs, could make it tricky for RHM to gain majority agreement from its own shareholders. Goodman's response so far has been muted, though that might just be the result of the bid being sprung between the weekend and Anzac Day. But its position is weakened by its costly and apparently unsaleable holding in RHM; and though there may be little prospect of an increased offer, agreement seems not impossible.

There remains the question of whether it is desirable. RHM knows Goodman's products and markets, and is not the only food company to find Australasia and the Far East the most interesting part of the world at present. But the risks involved in such a transcontinental merger are huge, and the price for a company with flat to declining earnings is scarcely cheap. Yesterday's sub-underwriting is said to have gone smoothly, but that could mean several things: if the institutions think the deal will never happen, the 0.5 per cent fee they get in any case is money for old rope.

Tootal

When it comes to Tootal, the market has better things to think about than last year's profits. In fact yesterday's results just made it into the range of reasonable expectation, with the hidden depressant of perhaps £5m in exceptional costs included to make things look that much worse. But that was scarcely likely to upset a market whose imagination has been captivated by the prospect of a bid from Mr Abe Goldberg; rather, Tootal's restraint was taken as proof of the imminent commencement of hostilities. The market reasoned that the company had no motive for underwhelming investors now unless it was the prospect of overwhelming them when it really counts; and there seems little reason to fault that logic. Nobody believes Mr Goldberg will be happy contemplating his 24 per cent of the company forever, and the weight of precedent suggests a bid.

Shareholders had better hope Mr Goldberg does just that, as the shares' 20 per cent premium to the sector average multiple cannot be justified on any other grounds. True, Tootal's textile businesses seem to be turning in a far more creditable performance than those of the hapless Coats Viyella, or even those of the less wretched Courtaulds. And as long as Tootal's thread can be counted on to make it through the eye of the needle every time, the company will have lots of cash to invest in higher growth businesses. However, the first of its attempts to do so has proved the risks of such a strategy. The office supplies division lost money for Tootal last year, and though this year should reverse that trend, it is scarcely the stuff of optimism for the future.

Hoffmann-La Roche

A share split, a modest rights issue, and the establishment of a holding company may count as big news on the Swiss market, but surely not big enough to warrant the three day suspension in Hoffmann-La Roche's shares. Indeed, when it comes to keeping shareholders informed, Swiss companies do not seem able to get it right. Nestlé upset the entire market by making a fundamental change to its share values last year without any prior warning, while Roche has gone to the other extreme in giving big advance billing to a workaday capital restructuring.

The market, which over the weekend had imagined the company poised to buy half the US pharmaceuticals industry, persisted yesterday in reading more into the announcement than it deserved. In fact, Roche's move reveals no more about its intentions than was already known: that at some stage it might make an acquisition in the US.

Meanwhile, it is genuinely remarkable that a big, modern company like Roche could have lived for so long with such an unaccommodating share structure. The company's nominal capital of SFr 50,000 was so low that it was barred both from a main stock exchange listing and from making any ordinary share issues. Its share price of about SFr 240,000 was scarcely an inducement to a liquid market in the shares; and its two-tier share structure was an anachronism. In theory, Roche can now make a huge acquisition for shares, but yesterday's small capital raising exercise was an odd prelude to the really big one that the market is waiting for.

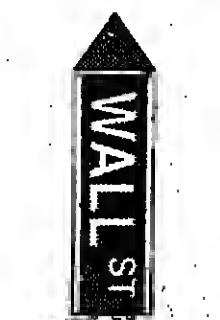
Local authorities

The British Government is evidently in no hurry to explain the legislative niceties of commercial lending to local councils, and everyone else has gone underground until the Hammersmith council test case is heard. It is therefore not surprising that the banks, which are losing more money by the day, have decided to force the whole thing towards a crisis in order to break the deadlock. While the unpronounceable Ogwr council may have some unprintable thoughts on such an apparently drastic action, it cannot really claim to have been harshly treated. Indeed, the banks have actually been a model of patience so far; any other defaulting borrower would have received its termination notices a long time ago.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday April 25 1989

INSIDE

Wall Street roars back to life



Signs of a slowdown in inflation helped Wall Street put in a rare star performance on the world stock markets front last week. Buoyed by active turnover and its own upward momentum, the market shrugged off a steep increase in oil prices and faltered only slightly when the Bundesbank raised West German interest rates. It climbed a solid 2.6 per cent and was just beaten into first place by Norway, which rose 3 per cent as the higher oil prices helped fual an ascent that has continued throughout thia year, writes Alison Maitland. Page 45

Good news for some

A price explosion in the chemicals industry has led to soma industries' raw materials costs doubling over the past two years. Now there ara signs of a period of stability. While welcome to chemicals purchasers, this development is worrying to tha producers, who are alraady concerned that a rash of plans for new plants could disturb the good times. Page 22

Explosion boosts nickel price

The price of nickel rose sharply on the London Matal Exchanga yesterday after an explosion at a smelter owned by the Finnish mining and metals group Outokumpu. The accident, which happened last Saturday as tha company was celebrating the 40th anniversary of the start-up of its first flash smelter, was the third incident in less than a year at plants using Outokumpu's flash smelting methods. Ken Gooding looks into the questions raised by this series of events. Page 36

Spreading its wings

MacLellan Holdings, the diversified industrial group headed by Mr Philip Ling, is to widen its distribution network with an all-share recommended offer for WA Holdings, valuing the group at £20.2m ($34.5m). The group also unveiled pre-tax profits of £11.1m for the 12 months to December 31, the first full year since Mr Ling reversed two private companies — Haleworth and Haden — into P & W MacLellan in October 1987, reports Andrew Hill. Page 26

Tootal held in check

Tootal Group, the textile group headed by Geoffrey Maddrell (left) that is being stalked by Australian industrialist Abraham Goldberg, yesterday announced a 5 per cent rise in pre-tax profits from £40.3m to £42.3m in the year to January 31. The results, which were held back by difficult market conditions in tha fabric division, continued problems with its office supplies business and the strength of sterling, were broadly in line with analysts' forecasts and the share price rose 3p to 130p. Vanessa Houlder reports. Page 28

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				Locafrance	530	+	42
Falls				Ciments Fr	1415	+	82.7
Continental	261	−	5.5	**Falls**			
Vag	284.5	−	4.3	Gal Lafayette	1479	−	82.2
BASF	290.5	−	3.5	Sagem	1806	−	54
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Diebold	45½	+	2⅜	[illegible]	1190	+	80
Xyvision	6⅞	+	⅜	[illegible]	869	+	54
Falls				Mitsui Whouse	1240	+	70
Syntex	44⅜	−	2⅞	**Falls**			
Procter&Gamble	94⅛	−	⅝	Tokyo Rope	1520	−	300
Rorer Group	41	−	1⅞	Chuo Denki Kgyo	1100	−	110
PARIS (FFr)				Meisei Elec	1010	−	90
Rises							
GTM-Entrepose	1460	+	116.6				
LONDON (Pence)							
Rises				Racal Telecom	356	+	9
ASDA	160½	+	7	Really Useful	856	+	15
Costain	316	+	5	WA Holdings	49	+	8
Fisons	312	+	7	**Falls**			
Gateway	191½	+	5	Kelsen	23	−	7
Isotron	236	+	29	RHM	365	−	24
Ladbroke	552	+	6	[illegible]	123	−	13
Monarch Res	525	+	35				
Prestwich	128	+	5				

Alaska spill prompts $30m Exxon charge

By James Buchan in New York

EXXON, the largest US oil and gas company, charged $30m to its profits for the first quarter of the year as a preliminary estimate of the costs of last month's Alaska oil spill.

The company said it did not know what the ultimate cost of the spill would be.

The charge is insignificant in relation to first-quarter net profits, which were $1.27bn or 99 cents a share, down 15 per cent on the first quarter of the previous year.

More important for Exxon's results was a profits squeeze at its worldwide refining and marketing business, as well as pressure on its European natural gas operation and lower capital gains on land sales.

Total sales in the quarter rose 1 per cent to $22.24bn.

The first-quarter earnings, though an average quarterly performance for the Exxon of the past six years, reflect sharp fluctuations in the company's individual businesses.

In its exploration and production operation, the rising price of crude oil caused a 22 per cent rise in US profits to $343m.

But interrupted production in the North Sea and lower natural gas profits in Europe cnt upstream profits overseas for an overall decline of 7 per cent. In the downstream operation, the rising crude price was not fully matched by higher gasoline prices and worldwide operating profits fell by 66 per cent to $147m.

Part of the decline can be attributed to capital gains of only $51m on land sales, as against $152m in the first quarter of last year.

Exxon continned to enjoy strong demand for petrochemicals, where profits rose 32 per cent to $408m.

It said the $30m charge was an initial estimate for the expense of salvaging and repairing the Exxon Valdez tanker, which ran aground on March 24 and leaked 10m gallons of crude oil into the waters of Prince William Sound, Alaska.

The charge also covers the partial loss of cargo.

The company and its shipping division carry "insurance in substantial amounts to deal with clean-ups, damage claims and liabilities resulting from oil spills," Exxon said.

But the company added that "based on information to date, we cannot reasonably estimate the net expense to be borne by Exxon and Exxon Shipping Company."

SmithKline falls by 22% in first quarter

By James Buchan in New York

SMITHKLINE Beckman, the Philadelphia drugs group which is seeking to merge its main business with Beecham of the UK, yesterday reported a 22 per cent drop in net income for the first three months of this year because of weak markets for its two main prescription drugs.

The decline, which took after-tax profits to $130.2m or $1.05 a share, was expected on Wall Street. Mr Henry Wendt, SmithKline'a chairman, has warned since last summer of pressure from competition on SmithKline's Tagamet ulcer drug and Dyazide dinretic treatment. SmithKline's other businesses, comprising consumer drugs, animal health, instruments, eye and skin care and clinical testing, all improved.

Overall sales were up 7 per cent at $1.24bn.

"The decline in earnings in the quarter was in line with our expectations," Mr Wendt said.

He added that the main reason for the drop was lower pharmaceutical turnover in comparison with early 1988 when the trade was building up heavy stocks of Tagamet.

Mr Wendt said that sales of Tagamet worldwide were $285m and the group's total pharmaceutical sales, which were down 5.2 per cent at $548.1m, fell by only 3 per cent in constant currencies.

Operating profits from therapentics, comprising drugs, consumer health care and animal medicine, declined from $209.6m to $163.6m. SmithKline'a eye and skin care and scientific instruments businesses, which are not being included in the merged SmithKline Beecham, increased their operating profits modestly to $23.7m and $20.5m respectively.

PAC-MAN defences – where a target company turns the tables on an unwanted predator and itself makes a bid for the bidder – have always seemed a concept more beloved of investment bankers than of companies themselves.

But Ranks Hovis McDougall, the British bakeries and food group, yesterday reversed the roles witb a vengeance on its unwanted 29.9 per cent stakeholder, Sydney-bassd Goodman Fielder Wattie.

True, GFW does not actually have a bid for RHM on the table: its £1.7bn offer for the UK company lapsed when it was referred to the Monopolies and Mergers Commission last August, and Goodman subsequently decided not to pursne the inquiry. Attempts to auction the interest last autumn found no takers.

But in spite of this, speculation about what Australasia's largest food group might now do with its chunky stake – in particular, whether it might mount another assault this summer, when Takeover Panel rules would permit – have meant that RHM remained very mucb in the takeover bid firing-line.

This is not the first time RHM has employed the Pac-man tactic. Back in the early-1980s, British Sugar started the current troubles by acquiring 14.7 per cent of the bakeries group, major brands of which include Bisto, Mr Kipling cakes, Paxo stuffing and Sharwoods chutneys. RHM speedily bit back, snapping np just over 10 per cent of the sugar company.

That 10.5 per cent holding was then sold on to S & W Berisford in 1982, giving Berisford control of British Sugar. At the time, it was suggested that Berisford would place out the RHM stake: instead, bowever, the bolding was eventually sold to Goodman in August 1986, and the current round of problems began.

This time, the questions are two-fold. First, should the bid for Goodman be seen essentially as a defence tactic, which will give RHM more clout in attempting to resolve the present uncomfortable sitnation, or is there genuine logic in melding the businesses? Second, if the latter is the case, what are RHM's chances?

The British group, not surprisingly, is keen to stress that this is not tbe Goodman offer reversed and that the two companies' businesses are indeed complementary. It calculates that – on the basia of the latest accounts – the combined turnover of the two companies would be in the region of £3bn, of which just over £1bn would come from Goodman, £1.7bn from its own interests, and a further £262m from Meneba, the Dutch bakery business wbich Goodman acquired last June.

Milling and baking, however, would still dominate, accounting for abont 45 per cent of the combined gronp's sales. And this would be contribnted almost equally by the two groups – £461m from Goodman itself, £262m from Meneba and £622m from RHM.

The broad consumer foods category would come next, with combined sales of £1.23bn – this time with RHM supplying the larger element (£834m), but Goodman still adding almost £400m-worth of sales.

It should also be said that RHM – which maintains that it first considered a Pac-man response to Goodman a year ago – was fairly careful throughout the Goodman bid not to throw donbts on the industrial logic.

It reserved its attacks for the level at which the bid was pitched and the constraints which it believed the bank debt involved in the leveraged offer would impose on the business, although its defence document did point to the heavy dependeoce of its target on New Zealand sales, "where the economy is contracting."

Analysts add that much of RHM'a own steam in recent years has come from the rationalisation of its bakeries business, followed by the integration of Avana, and anotber takeover could be timely.

But there are perhaps a few caveats to this picture. First, Goodman has some significant interests which clearly have no obvions fit with RHM – textiles, for example.

RHM is cagey wben asked about possible disposals should the deal go through. Mr Stanley Metcalfe, managing director, stresses that RHM is in the business of running companies, but gives no commitments.

Secondly, there is the financial side of the deal. The sums are complex, given that RHM is boying nearly 30 per cent of itself in the offer price – shares which will then be cancelled. The company maintains tbat the deal sbould not be dilutive in 1989-90 – the first full year in which it might own Goodman.

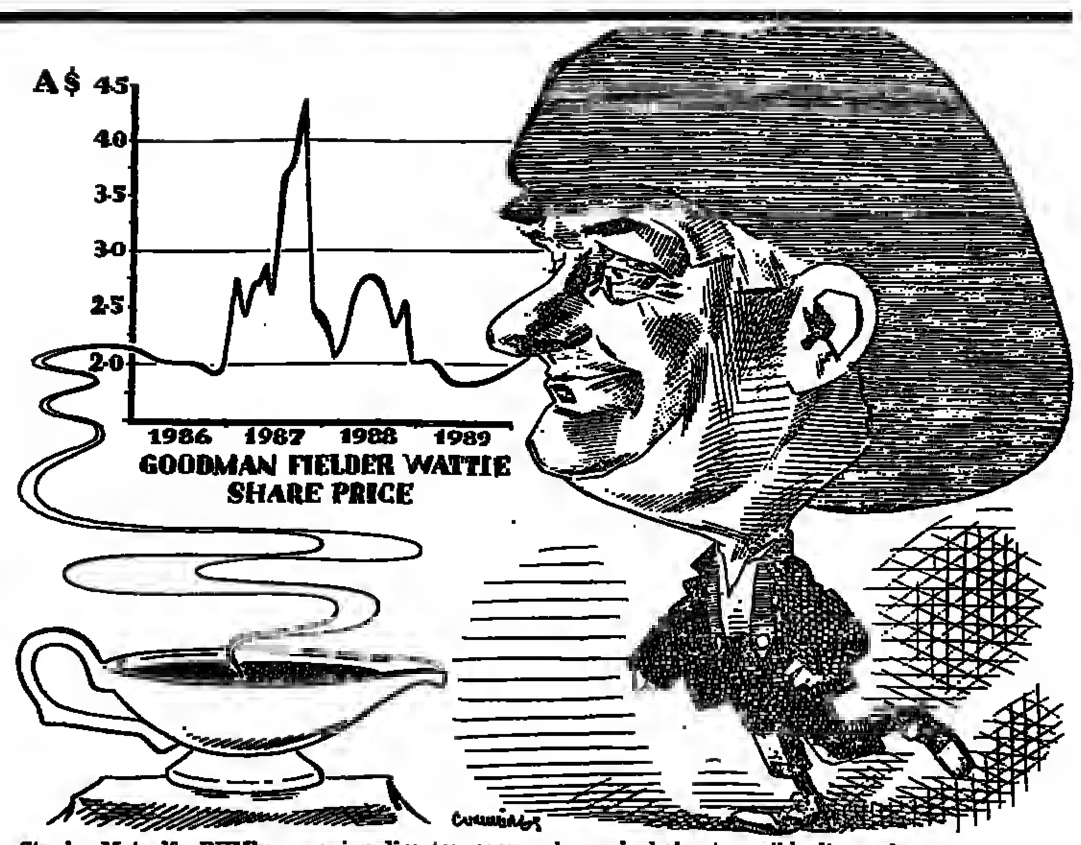
However, analysts – working on forecasts of £49m after tax in the current year for Goodman, and £75m in 1990 (excluding any equity accounting for the RHM holding) – suggest tbat this implies both disposals and/or significant merger benefits.

Nevertheless, RHM appeared to dispel many doubts about the seriousness of its intentions yesterday by spending more than £100m to pick up a 10.1 per cent holding in the Sydney-based company. So what, assuming RHM is ont to win Goodman, are the chances of success? On this score, the entire enterprise will depend beavily on both the attitude of Goodman and of the Australian autborities.

The former remained fairly tigbt-lipped yesterday. In Sydney, a brief statement strongly recommended shareholders not to sell until directors had given the offer full consideration.

The authorities' attitude, too, is something of an unknown. It is worth noting that the Ranks offer closely follows a carve-up of another leading Australian food group, Amatil, by Coca-Cola of the US and BAT industries of the UK, which has raised concerns about foreign control of the Australian food sector. Moreover, if successful, analysts reckon that UK groups would control more than 50 per cent of the Australian bread market – RHM, through Goodman, 29 per cent, and Associated British Foods, through a near-80 per cent interest in George Weston, about 25 per cent.

In short, on simple financial grounds, analysts in both Sydney and London were initially inclined to give the Britisb group a fair chance of succeeding. But, with regard to Goodman's response and that of the Australian authorities, as one London analyst put it: "Ranks could be in for a long haul."



Stanley Metcalfe, RHM's managing director: cagey wben asked about possible disposals

The Bisto Kid throws a £1.7bn counter-punch

Nikki Tait and **Bruce Jacques** look at Ranks Hovis McDougall's bid for Goodman Fielder Wattie

Roche boosts payout and simplifies share structure

By William Dullforce in Basle

HOFFMANN-LA ROCHE, the Swiss chemicals and pharmaceoticals gronp, yesterday announced a major corporate and financial restructuring, a 33 per cent surge in 1988 net earnings and a 21 per cent increase in the shareholders' dividend.

But it dashed speculation that the suspension of trading in its shares on Friday, pending yesterday's announcement, foreshadowed a takeover bid for a US pharmaceuticals company.

Mr Fritz Gerber, chairman, said that acquisitions were not ruled out but were not the purpose of Roche's structural overhaul. This was intended to adjust the group to the global market of the 1990s, render its shares more tradeable and open it to institutional investors.

Control of Hoffmann-La Roche, it is clear, will remain – at least for the time being – with the Sacher family, which holds the majority of the current 16,000 voting shares. The rights of existing stockholders would be unaffected by the changes, Mr Gerber said.

The main elements of the restructuring are the ending of the twin-share system and tha creation of a holding company in Basle.

The financial measures include a 50-for-1 stock split, the abolition of the "Baby Roche" certificates, an increase in nominal share capital from SFr50,000 to SFr80m ($49m) and the addition of SFr452m to Roche's capital resources on terms wbich the board considers favourable to shareholders.

Disclosure of tha extensive reorganisation of Roche's outdated capital structure was accompanied by the announcement of SFr641.5m in net consolidated earnings in 1988, up by SFr160m. Cash flow advanced by 21 per cent to SFr1.18bn and group sales climbed by 12.8 per cent to SFr8.69bn.

The board proposes to raise the dividend from SFr660 to SFr800 per share and per Genussschein (non-voting dividend-rights certificate).

Roche's restructuring is planned to take place in three stages between now and September. In the first the twin-share structure will go.

Sapac Corporation of New Brunswick, Canada, with whose shares Hoffmann-La Rocbe'a stock was twinned, will be transformed into a subsidiary of the new holding company.

Acquisitions have not been ruled out but are not the main purpose of the overhaul

Sapac's 16,000 "C" shares and 61,440 "D" shares will be called in, with the nominal value of 25 Canadian cents on the "C" shares being compensated by a payment of SFr0.40. The "D" shares had nil nominal valne.

A dividend of SFr190 per share will be paid for the last quarter of 1988 plus a final payment of SFr365 for each recalled share. Sapac was set up over 50 years ago as an overseas base of retreat for Roche when war loomed in Europe.

It now accounts for only 10 per cent of group turnover.

In a second stage Roche Holding will be created in Basle from the existing parent company.

The operational assets and liabilities of the present Hoffmann-La Roche business will be transferred to a new company of similar name.

The third stage comprises several steps:

- Tha nominal value of the 16,000 existing bearer shares will ba increased from SFr3⅓ to SFr100 by payment from company funds, raising the share capital from SFr50,000 to SFr1.6m.
- A nine-for-one rights issue (snbscription June 6-15) will be offered at SFr112 per share, raising the capital to 160,000 shares of a nominal SFr16m. The SFr12 premium will cover the payment from company funds for the initial capital increase to SFr1.6m.
- Simultaneously, a free distribution of nine new Genussscheine per existing Genussschein will raise their number from 61,440 to 614,400. This will allow for the phasing out of the "Baby Roche" certificates, which carry 1/10tb the value of the Genussscheine.
- A four-for-one rigbts issue (subscription August 2-15) of both shares and Genussscheine will be made at an issue price of SFr220 per share and SFr120 per Genussschein. This will bring capital np to 800,000 shares of nominal SFr80m while the number of Genussscheine of nil nominal value will rise to 3,072,000.
- There will also be an issue of 258,134 free Genussscheine in a ratio of 3:1 to holders of shares and Genussscheine after the first rights issue.
- Application will be made for listings of the new Rocbe Holding stock on the three big Swiss stock exchanges. So far Roche stock has been traded only over the counter and on the pre-market exchange.

The plan offers present stockholders SFr10,955 in cash or the money equivalent of drawing rights for each existing share or Genussschein. The total includes the 1988 dividend of SFr800, less 35 per cent withholding tax.

A shareholder would have to invest SFr9,808 per unit to complete all transactions. A Genussscheine holder would hava to invest SFr4,800.

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INTERNATIONAL COMPANIES AND FINANCE

Sun Alliance to tighten nominee shareholder rules

By Nick Bunker in London

CORPORATE raiders or potential bidders could be blocked from secretly building up sizeable stakes in Sun Alliance, the UK composite insurer, if the company wins its shareholders' approval for a change it wants to make in its constitution.

If the measure is given the go-ahead at an extraordinary general meeting on May 17, Sun Alliance will be able to disenfranchise any nominee shareholder that fails to disclose within 28 days the beneficial ownership of shares it controls.

Mr Henry Silver, Sun Alliance's company secretary, said the measure might be "a piece of useful machinery. Sun Alliance has no present need, but in the future who knows? None of us is inviolate these days."

The proposal comes at a time when the UK's composite insurers are acutely sensitive to the possibility of predatory foreign investors accumulating large holdings of their shares, not least because of the possibility of large-scale takeover bids in the sector in the run-up to the creation of a single European insurance market.

Only 18 months ago, in late 1987, the Adelaide Steamship investment group used a chain of 17 nominee companies based in a Sydney department store to acquire 4.7 per cent of Sun Alliance's fellow composite, Commercial Union.

The disenfrenchisement clause says Sun Alliance can "remove all rights and privileges" to vote from any nominee shareholder that fails to reply within four weeks to a notice sent out by the company under Section 212 of the 1985 Companies Act. Section 212 notices require nominee shareholders to disclose their beneficial ownership.

The Sun Alliance proposal is contained in a single paragraph of a complex 46-page legal document posted to the group's shareholders yesterday. It gives details of a plan to restructure Sun Alliance around a new holding company, Sun Alliance Group.

It also outlines 13 ways in which the new holding company's articles will differ from those of the current Sun Alliance & London Insurance.

Mr Silver said the idea was to use the restructuring as an opportunity for a general update of Sun Alliance's articles, which mostly date from 1959 when the group was created from a merger of the Sun Insurance Office and the Alliance Insurance Company.

Significantly, though, the Sun Alliance disenfranchisement clause is almost identical to a similar anti-corporate raider measure adopted in the articles of another UK insurer, London & Manchester, in December 1987.

Sulzer predicts rapid growth

By John Wicks in Winterthur

SULZER Brothers, the Swiss engineering group which has fought a number of battles with dissident shareholders since 1987, expects the next few years to usher in a period of rapidly growing profits.

Mr Fritz Fahrni, chief executive, said yesterday that Sulzer was capable of doubling group profits "within the next three to four years."

Orders in the first quarter of 1989 had increased by more than a tenth to SFr1.57bn ($962m), said Mr Fahrni. He said net profit for this year would improve upon the SFr79m turned in for 1988.

Mr Fahrni, speaking at the company's annual meeting, said costly restructuring undertaken last year would help Sulzer to achieve its medium-term profit forecasts.

Orders for the whole of 1989 were expected to maintain the progress of the first quarter, but annual turnover would grow at a slower rate than the 17 per cent achieved for 1988.

Sulzer is to hold negotiations with Omni Holding on whether to register 20,000 shares that Omni recently bought from Mr Tito Tettamanti, the Swiss lawyer turned financier.

The board intends to review its corporate statutee in respect of share registration. Although there were no plans to change the system, there were hints that the tight restrictions on registration might be relaxed.

Groupe de la Cité boosts sales 8.7%

By George Graham in Parie

GROUPE DE la Cité, France's second-largest book publisher, has reported net profits last year of FFr277m ($44.18m), or FFr359m including an extraordinary gain on the sale of a headquarters building.

The group said the comparison with Presses de la Cité's 1987 results was meaningless because of the merger last year with the publishing activities of CEP Communication, but sales had increased on a *pro-forma* basis by 8.7 per cent to FFr4.96bn.

France Loisirs, the highly profitable book club in which Groupe de la Cité has a 50 per cent stake, contributed around 60 per cent of earnings, company officials said.

The old Presses de la Cité was almost entirely dependent on France Loisirs.

CEP's contribution to the marriage, including the famous Larousse dictionaries and encyclopaedias, and Nathan educational books, was more profitable.

CEP Communication itself yesterday reported a net profit of FFr273m ($43.54m), or FFr243m excluding its share of Groupe de la Cité's extraordinary gain.

It said sales had risen 32 per cent to FFr4.24bn.

Chemicals industry hopes for 'soft landing'

Peter Marsh on the outlook for synthetics prices after the recent upward movement

Purchasers of chemicals across a range of industries are hoping for a "soft landing" to bring to an end the price explosion that has affected many basic synthetic materials over the past two years.

"In 1988 there was a great whoosh in chemical prices," says Mr John Phipps, a manager at Tecnon, a London-based chemicals consultancy. "We ought now to be in for a period of stability."

In the past few weeks, there have been some signs of this happening. Prices of commodity plastics such as polypropylane, polyethylene and polystyrene have started to soften in a major break with the generally upward movements of the past two years.

For some buyers of chemicals the price rises have led to a doubling in raw materials costs in the past two years. In many, though not all, sectors, purchasing industries have generally been able to pass on these extra costs to the final consumer.

The price eruption has its roots in the good economic conditions in many industrialised countries. There has been strong demand from many big users of chemicals, which include the consumer-goods, vehicles and building industries.

About half the output of the world's $1,000bn-a-year chemicals business is sold to other sectors of manufacturing industry rather than to final consumers.

An additional factor has been a worldwide shortage of manufacturing capacity in several basic chemicals. These include ethylene, an oil-derived gas which is a basic building block for many other chemicals used throughout industry; commodity plastics; and a range of intermediates used to make artificial fibres.

A number of the big guns in the chemicals sector have benefited from the price escalation, chalking up record profits over the past two years.

However, the big chemicals businesses are unhappy about any talk of their profiteering from the buoyant demand.

Managers say that prices for commodity materials hit rock-bottom in the recession of the early 1980s. During this period many commodity-chemicals operations were losing money and the chemicals sector as a whole was in deep trouble.

The price movements since 1987, in the eyes of much of the synthetic-materials industry, have restored the sector to a more balanced position.

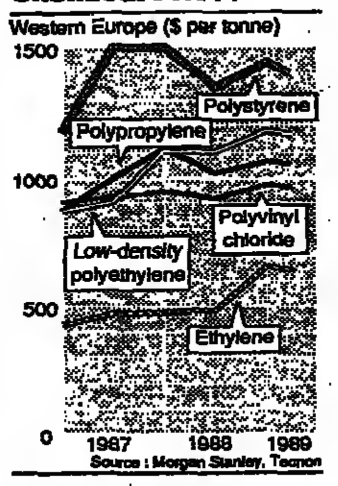
There is now some concern among chemicals executives that the current rash of plans for new commodity-chemicals plants, which has been spurred on by the healthy demand for chemicals, may disturb the good times.

In combination with a widely expected slowdown in the world economy over the next few years, the new plants could lead to over-capacity and consequent price spirals. That could plunge the industry once again into gloom.

"What most people are hoping for is for prices to follow what you might call a Lawsonian glide path, in which they come off their peak but settle down in a balanced way," says Mr Peter Driscoll, who works for Consultants International, a UK consultancy.

Chemical Prices

Western Europe ($ per tonne)



Source: Morgan Stanley, Tecnon

Discussion of the price shifts is complicated by the hundreds of basic chemicals affected and the tangled nature of the production routes.

A further complexity is the lack of formal markets for even the most widely traded commodity chemicals. Prices for these substances are generally decided on in informal telephone conversations between buyers and sellers.

Together with ethylene and other oil-derived materials including toluene and benzene (which are used in a range of industrial chemicals) widely traded bulk chemicals also encompass products made from feedstocks other than petroleum.

Despite the relatively haphazard way in which chemicals prices are decided, sums charged for the main chemicals in specific geographical regions tend to cluster around the same levels, regardless of suppliers.

However, there can be significant differences between prices in the main industrial blocs of Western Europe, Japan and the US, due to different trading conditions.

Sums charged by suppliers may also vary depending on whether the buyers contract for a consignment of chemicals several months in advance or buy on the spot market for immediate delivery. In today'e tight market for chemicals, spot prices are often significantly higher.

Specific factors that can influence sums charged for chemicals include heavy purchases from large customers. Last year, China was a big purchaser of many bulk plastics and fibre intermediates from the West, a factor that helped keep up prices.

In 1989, purchases from China have been lower, which has been one reason for the slackening in the market.

Plant shutdowns and unusually heavy demand for materials such as gasoline products which may be made in the same manufacturing process as specific chemicals – examples include benzene and toluene – can also influence price movements.

Ethylene is made at an annual rate of some 50m tonnes, some 60 per cent of which is used as feedstock for big-selling plastics such as polyethylene and polystyrene. European contract prices are now about $700 a tonne, double the figure at the end of 1987, while US prices have followed a similar upward trend.

The changes in ethylene pricing have been especially good news for Dow Chemical, Exxon and Union Carbide of the US, Canada's Nova and the Anglo-Dutch Shell – the world's five biggest ethylene suppliers.

Commodity plastics have followed the general upward price movement, as have other somewhat more specialised chemicals used to make acrylic, nylon and polyester fibres. Major intermediates that feature in fibre production include terephthalic acid, dimethyl terephthalate, caprolactam and acrylonitrile.

Due to the difficult times for much of the textiles sector, the main purchaser of fibres, fibre producers have generally not been able to pass on their higher raw-material costs to customers – and thus have suffered. "The fibres people have been tanned over the past two years," says Mr Driscoll.

Fibre-makers that buy most of their intermediates from outsiders rather than producing the materials themselves have been particularly hard hit by the price changes. Chemicals groups in this position – which are only marginally "backwards integrated" and which as a result have missed out on at least some aspects of the recent profits boom – include Akzo of Holland and France's Rhône-Poulenc.

The packaging industry, another big user of chemicals, has generally been able to pass on the higher costs, according to Ms Rowena Mills, a London-based packaging consultant. Even so, she says, some companies in this sector have suffered from the higher costs. "They are hoping for more settled times in 1989," she says.

AMB lifts earnings 16% and forecasts further rise

By Haig Simonian in Frankfurt

AACHENER und Münchener Beteiligungs (AMB), the holding company for the Aachener und Münchener Insurance group, will report net profits up by 16 per cent to DM64.6m ($34.9m) for 1988 from DM55.5m the previous year when it publishes its full results later this year. A further increase in earnings is forecast for 1988.

The rise stemmed largely from improvements at subsidiary companies, which include Bank für Gemeinwirtschaft (BfG), in which AMB bought a majority stake in 1987.

Partial operating earnings at the bank are set to rise by more than 25 per cent from the DM136.4m made in 1987, due to an increase in interest earnings and a fall in costs. The bank will not report its precise figures until this summer.

AMB is also seeing the fruits of the increasingly close links between its banking and insurance subsidiaries, with the insurer predicting substantial extra premium income due to marketing of its products by BfG this year.

According to forecasts based on first-quarter figures, BfG should generate a minimum of DM20m in property and casualty premiums and at least DM6m in health insurance premiums this year. Life insurance and home finance products – both measured in terms of aggregate contract sizes – should amount to at least DM1bn and DM200m respectively.

However, despite the improvement in profits last year, BfG's contribution to AMB's group earnings in 1988 remained virtually static at just below DM40m.

The AMB group, which is paying an unchanged DM12.50-a-share dividend for 1988, plans to increase its authorised capital by DM110m. The company says the measure, which could enable it to raise up to around DM1.5bn via a rights issue based on its current share price, does not mean it has any takeover targets at present.

The group, which has bought a stake in Volksfürsorge, Germany's third biggest life insurer, and expanded in France and Spain in recent months, says it wants to concentrate on organic growth.

Ogilvy is on the move worldwide

As Ogilvy & Mather enters its fifth decade in the U.S., The Ogilvy Group is on the move worldwide.

Its Annual Report shows record profits for 1988, and $560 million in new business. It now serves more international clients than any of its competitors.

And Ogilvy's move next month into centralized headquarters in Manhattan's Worldwide Plaza reflects vigorous growth in the 1980s and bright prospects for 1989 and beyond.

Read on for latest developments.

There's a lot going on throughout The Ogilvy Group these days.

Our Annual Report for 1988, just out, shows the company reaching new highs in revenues, profits, earnings per share, and dividends.

New business is coming in at a rate of about $10 million a week—$560 million last year, $185 million so far in 1989. ($308 million came in last year as 1045 new assignments from present clients—1045 votes of confidence.)

Ogilvy keeps on winning a healthy assortment of the more serious creative awards, confirming its reputation as an intensely creative organization.

A strategy for future growth is both ambitious and realistic. It addresses changing client needs and what it takes to meet them—what it takes to sell products today and to build and nurture enduring brands.

The Ogilvy Group is fortunate in having unusually stable management and a corporate culture that provides a true partnership around the world.

And as if to give personal impetus to the company's thrust, next month 1489 employees in New York will start moving into new headquarters in midtown Manhattan's Worldwide Plaza. This efficient new office complex provides attractive real estate terms and places under one roof diverse Ogilvy operations that have been outgrowing facilities scattered around town.

Innovations in client service

David Ogilvy says he believes that "the purpose of everything we do should be to improve our services to clients." Earlier this month Ogilvy & Mather Worldwide, the largest unit in The Ogilvy Group, announced organizational changes designed with that goal in mind.

These innovations will improve our service to the growing group of clients who employ two or more of our services in advertising, direct response, public relations, and sales promotion. A new position, the Client Service Director, will represent no single discipline or office. His or her mission will be the solution of a client's problems and the building of its brands by whatever means may be appropriate.

38% of revenues outside advertising

The new organization reflects the changing nature of our business. Forty years ago, when the company opened its doors in the United States, 100 percent of its business was in advertising. Today 38 percent comes from our other creative and marketing services.

Ogilvy & Mather was among the first to realize the full implications of direct response as a complement to mass marketing. Ogilvy & Mather Direct is now the largest such firm in the world, and the acknowledged leader creatively.

The Ogilvy Public Relations Group is another booming operation with revenues up 25 percent in 1988.

Promotional Campaigns around the world and the SAGE group in the U.S. provide a unique cluster of services to help clients at the retail level.

To better understand the consumer, we purchased Research International in 1987; we then acquired two major U.S. firms, Decisions Center and Cambridge Reports. The three make up the leading custom market research firm in the world.

Our plans for growth concentrate on these five core services. They allow us to work with our clients from the beginning of the marketing process to the purchase that comes at the end. With this capability we believe we can help build brands more effectively than our competitors.

50 clients in five or more countries

Industry figures published in *Advertising Age* show that Ogilvy & Mather works for 50 clients in five or more countries, compared with 34 for its closest competitor. In 1988, 54 percent of our revenues came from outside the United States.

Our network now consists of 356 offices in 53 countries, including:

- 126 advertising agencies
- 59 direct marketing companies
- 53 public relations companies
- 26 retail marketing services and promotion companies
- 42 marketing research companies

Despite this rapid worldwide expansion, we see size as no object in itself. "We are not in the business of putting dots on a map," says Chairman Ken Roman. "We will go only where our clients go and where we can run a healthy, first-class operation. We are committed to service, not size. In David Ogilvy's words, megamergers are for megalomaniacs."

Awards that count

The Ogilvy Group, like most of its leading competitors, wins dozens of awards every year for its creative work.

We attach special importance to the Direct Marketing Association's international Echo Awards which take into account hard evidence of results as well as creative qualities. Ogilvy & Mather Direct won nearly 25 percent of all 1988 Echos—four times as many as the number two firm.

Effectiveness is the sole criterion for the awards given by the U.K.'s Institute of Practitioners in Advertising. In 1988, Ogilvy & Mather won the Grand Prix for television, for Winalot Prime dog food.

Another prize that counts is the Stephen E. Kelly Award, given by U.S. magazine publishers to the one campaign each year that makes the most creative use of magazines. In 1988 Ogilvy & Mather won the Kelly for the fourth time in the seven years of its existence.

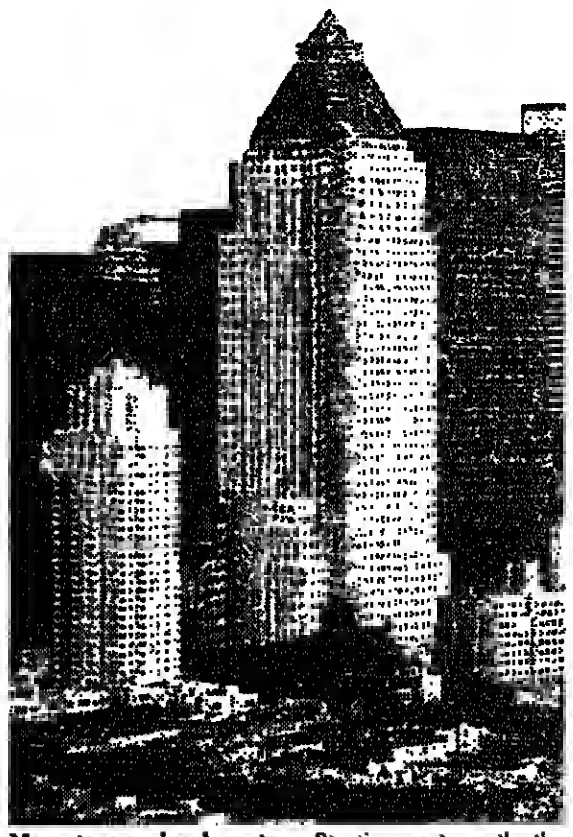
Separate agencies in The Ogilvy Group have developed outstanding creative reputations of their own. These include Scali, McCabe, Sloves, a network of 16 offices in 9 countries; and Cole & Weber in the Pacific Northwest.

The real story about margins

Here are the facts about the 1988 profit margins of The Ogilvy Group:

- In advertising, our largest business, operating margins were 9.7 percent. While it's hard to make direct comparisons for business segments, we believe that this is among the very top performances for publicly held international agencies.
- In direct response and public relations, our margins are higher than they are in advertising.
- Our margins for our retail and sales promotion businesses overseas are well above our 9.7 percent advertising margins. In the U.S. they are lower—a direct result of investment in the SAGE group of companies, an ambitious addition to our marketing services.
- In our research businesses our margins are below our advertising margins. In part this is because of accounting procedures in the research industry, in part due to restructuring the business since its purchase by The Ogilvy Group. We expect sharp improvement in research margins in 1989.

Directors of The Ogilvy Group: Kenneth Roman (left), Chairman; Alexander Brody, President, International, Ogilvy & Mather Worldwide; Norman C. Berry, President, Creative, OMW; Graham Phillips, President, North America, OMW; and John Gill, Treasurer and Secretary. Their length of service to the company averages 18 years.



Move to new headquarters. Starting next month, the first 13 floors of New York's new Worldwide Plaza (above) will house six Ogilvy units that are now working out of four Manhattan locations.

Prospects for 1989: healthy growth

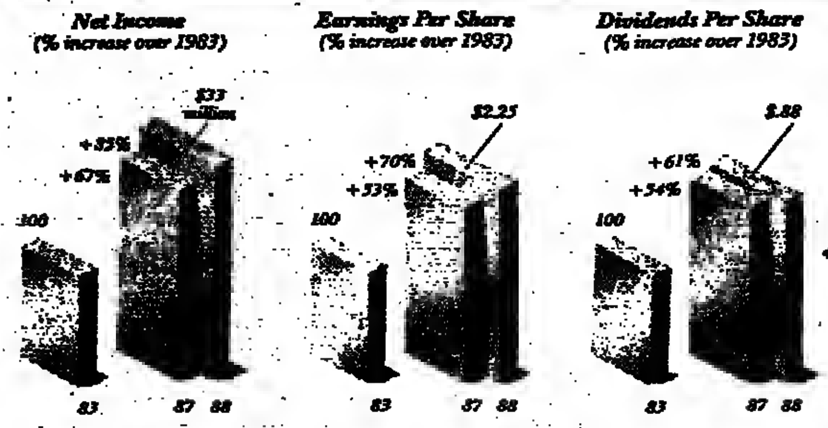
With the company on the move on so many fronts—creative, organizational, international, financial—we expect record profits again in 1989, as well as further improvement in margins.

Among the reasons for this expectation is our practice of mixed farming—maintaining a healthy balance between U.S. business and international business, between advertising and other disciplines, between local and worldwide accounts.

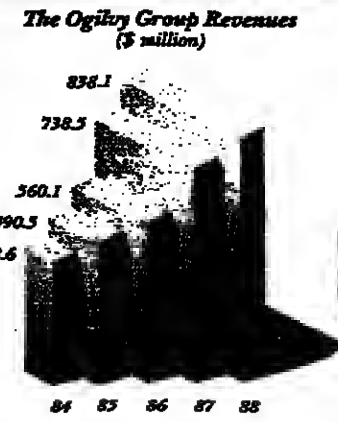
The Ogilvy Group is in fine enough balance on all these scales to adjust to whatever changes in the marketplace may come our way. The company is poised to enter the 1990s under a full head of steam.

For a copy of The Ogilvy Group's Annual Report for 1988, write to Toni Maloney at Two East 48th Street, New York, N.Y. 10017; after May 12, at The Ogilvy Group, Worldwide Plaza, 309 West 49th Street, New York, N.Y. 10019-7399.

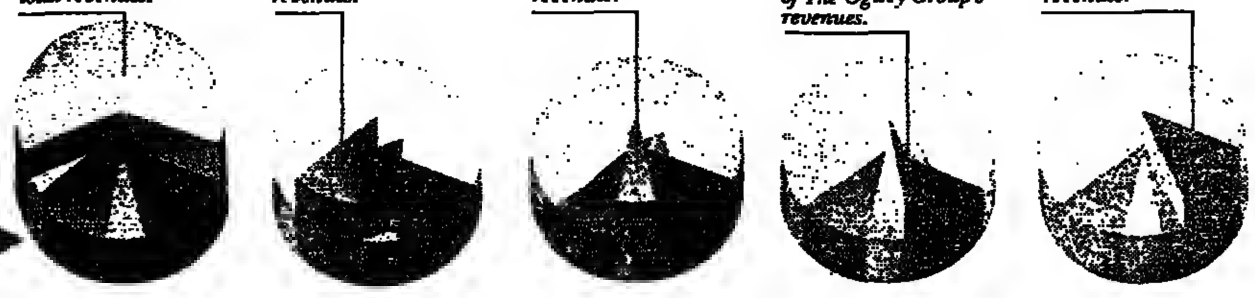
The Ogilvy Group



As revenues of The Ogilvy Group reached a record $838 million in 1988, net income, earnings per share, and dividends also set new records. The charts above show percentage increases over 1983 as a five-year-old base.



U.S. International
Both U.S. and international revenues continued to grow in 1988; international revenues reached 54% of the total.



Sears, Roebuck profits soar 56%

By Roderick Oram in New York

SEARS, ROEBUCK has reported sharply higher earnings thanks to the first fruits of its new low-price retailing strategy and strong earnings from its insurance and financial services operations.

Net profits of the world's largest retailer rose 56 per cent to $257.7m or 70 cents a share for the first quarter to March 31, from $164.9m or 43 cents a year earlier. Revenues rose 11 per cent in the quarter to $12.16bn from $10.96bn.

A one-time gain from an accounting change made the final net $709.1m or $1.87, a year ago. The 1988 quarter also included $25m in losses from discontinued operations.

Mr Edward Brennan, chairman, said the favourable outlook for consumer spending on goods and services should stimulate further growtb of Sears' businesses.

The group's merchandise sector turned in first-quarter net income of $33.8m, against $18.7m a year earlier before the accounting gain. Revenues rose 12 per cent to $6.76bn from $6.04bn, paced by a 16 per cent rise in March after the company implemented its new strategy.

In an effort to revitalise its flagging performance, Sears laid out a restructuring plan last autumn which included streamlining its bureaucracy and switching from periodic sales to "everyday low-prices."

"We are delighted with consumer response," Mr Brennan said. Merchandising revennes were also hoosted by Western Auto Supply, a vehicle parts retailer Sears acquired in April 1988.

Tha group's Allstate Insurance division reported net income of $243.9m, np 45 per cent from $168.6m which included $27m of losses from discontinued life-health operations. Increased investment income and better underwriting results contributed to higher profits. Revenues rose 11 per cent to $4.16bn from $3.73bn.

Sears' Dean Witter Financial Services gronp reported net income of $37.4m against $23.3m on revenues of $966.9m against $919.7m. Income from securities-related business contributed $21m against $16.1m. The Discover credit card operations reported profits of $20.1m compared with $6.4m a year earlier after a long period of start-up losses.

The company's Coldwell Banker Real Estate division reported a loss of $16.2m, compared with a loss of $600,000 a year aarlier on revennes of $310.7m against $274.1m. The larger loss reflected the timing of the sale of some shopping centres.

Good start for Martin Marietta

By Our Financial Staff

MARTIN MARIETTA, the US space and electronics group, has started the curreot year on a firm note following strong performances in its two key sectors.

The group, which produces Titan launch vehicles and information systems, lifted net income in tbe first quarter to $59.2m or $1.12 a share from $50.9m or 96 ceots last time on sales margioally ahead at $1.32bn, against $1.3bn.

Mr Norman Augustine, chairman, said that the overall results were in line with expectations and supported the board's belief that full-year earnings will show further growth over "normalised" 1988 earnings.

He added: "The increase in first-quarter earnings reflects strong performances by the corporation's two largest groups, astronautics and electronics and missiles."

The backlog at the end of the quarter was $11.2bn, compared with $11.1bn a year ago.

In recent years the group has carried out restructuring moves which bave resulted in emphasising its strengths in technological areas such as space.

Analysts had predicted that Marietta would sbow continued earnings growth this year despite the poor outlook for defence spending.

Small reverse for Goodyear

By Anatole Kaletsky in New York

GOODYEAR, the leading US tyre and rubber company, suffered a small decline in profits during the first quarter, largely because of setbacks in the international markets caused hy the strengthening dollar.

First-quarter earnings were $94.5m or $1.64 a share, 1 per cent down on the $95.3m or $1.67 reported a year ago. Worldwide sales were 4 per ceot higher at $2.6bn, though most of tbe increase was recorded outside the group's core tyre husiness.

Worldwide sales of tyres and related products increased hy 1.9 per cent to $2.12bn, entirely as a result of higher prices. Unit sales actually declined by 3.7 per cent, Goodyear said. Operating income in this segment fell by 3.5 per cent to $193.7m because of lower foreign results, which more than offset an improved performance in the US.

General products sales, including chemicals and industrial prodncts, advanced by 15.4 per cent to $517.7m, hut operating income was unchanged at $65m. This incoma was affected hy depressed conditions in Latin America.

Analysing its activities by geographical areas, Goodyear said that total foreign sales grew by 1 per cent to $1bn, but operating income declined by 14.2 per cent to $121.7m. The stronger dollar, along with Latin American reform measures, contributed to the lower foreign results.

US sales were up by 1.6 per cent to $1.6bn and operating profits rose by 10.5 per cent to $138.6m.

NTT rejects Alcatel's figures

By Terry Dodsworth, Industrial Editor

NTT, the Japanese telephone operating company, responded yesterday to claims of protectionism in Japan by rejecting claims that it was not interested in bnying equipment from overseas.

Mr Moriji Kuwabara, executive vice-president, dismissed figures produced by Alcatel, the leading European equipment group, as inaccurate. He said that NTT had steadily increased its equipment acquisitions from overseas during the 1980s, after introducing a new international procurement policy in 1981.

Out of total direct equipment purcbases of about £4bn ($6.86bn) a year, NTT was now buying £206m, or approximately 5 per cent, from foreign suppliers, he said. This contrasts sharply with the figure given last week hy Mr Pierre Suard, chairman of Alcatel, the largest European telecommunications group.

Suard said that NTT was only acquiring 1 per cent of its annual supplies from non-Japanese companies.

Mr Kuwabara also dismissed Alcatel's suggestion that it only bought 0.1 per cent of its products from European suppliers, although he confirmed that the majority of NTT's purchases was from North America. European companies, he claimed, supplied about 0.4 per cent of NTT's annual equipment needs.

The argument between the two companies comes when telecommunications equipment suppliers are jostling for position in overseas markets following moves towards deregulation around the world.

Mr Suard argues that Europe must be careful in this process not to weaken its domestic manufacturers hy allowing unlimited access to American and Japanese producers. Both Japan and the US, he claims, are protectionist in their telecommunications sectors.

Mr Kuwabara said in London that European companies had not been as eggressive as their US counterparts in trying to enter the Japanese telecoms market.

They appeared to have been discouraged by language and cultural barriers.

Strong opening quarter for ITT

By Karen Zagor in New York

ITT, the higgest US conglomerate, yesterday reported strong first-quarter results with gains in most of its diverse businesses.

Net incoma increased by 12 per cent to $200m or $1.40 a share from $180m or $1.25 a year ago. Revenues rose 6 per cent to $4.8bn from $4.5bn. The 1988 sales figures were restated to reflect a new insurance accounting standard.

The New York-based company said that all its services bnsinesses, apart from the Hartford insurance group, showed an increase in operating income during the quarter. The Hartford was hit by a general downturn in domestic property and casnalty underwriting.

ITT said that its Sheraton hotel chain had strong gains because of "favourable hotel occupancy and pricing trends, predominantly in Europe and Asia."

Mr Rand Araskog, chairman and chief exeentive, said: "Despite evidence in the first qnarter of the continuing downturn in the property and casnalty insurance business, the year is off to a good start."

Berlusconi 'not in merger talks'

MR SILVIO Berlusconi is not involved in negotiations to merge his Standa retail chain with the dapartment store gronp La Rinascente, according to a Berlusconi aide, Reuters reports.

The comments follow an article in yesterday's Financial Times which suggested that preliminary talks were under way between Berlusconi interests and the Agnelli family which controls La Rinascente.

However, Mr Dario Rivolta, the aide, confirmed that Mr Berlusconi was seeking potential partners to create a Europe-wide retail distribution group.

"Berlusconi has freqnently told the Agnelli group of his desire to acquire Rinascente, or to reach some other form of accord," said Mr Rivolta. But he added that there had been no recent discussions on the subject.

Fininvest, part of the Berlusconi group, acquired Standa last year. Standa recently reported a net 1988 loss of L42.1bn ($31m), against a L24.4bn profit in the previous year.

Contrasting performances by US chemicals groups

By James Buchan in New York

UNION CARBIDE and Monsanto, two large US chemicals groups, yesterday reported contrasting profits performances in the first three months of the year because of their different product markets.

Carbide, which is leading the US industry in profits growth as it exploits cheap raw materials and strong prices for its basic ethylene and athylene-derived chemicals, said earnings all but doubled to $201m.

Bnt Monsanto, which produces more specialised chemicals that have suffered from rising commodity chemical prices, said its net income rose only 6 per cent to $222m.

Carbide, which is based in Danbury, Connecticut, said its earnings after tax rose 99 per cent to $201m or $1.37 a fully-dilnted share. Sales rose 15 per cent to $2.24bn.

All the company'e businesses did well. Pre-tax operating profits at the main chemicals and plastics business rose 54 per cent to $334m, with industrial gas profits up 14 per cent at $79m and carbon products 40 per cent ahead at $14m.

But year-on-year growth is slower than in the last three quarters of 1988 and Mr Robert Kennedy, Carbide's chairman, said that some chemicals and plastics prices had begun to "level in the first quarter of 1989."

Monsanto, which has its headqnarters in St Louis, increased its net income per share by 13 per cent to $3.24. The rise was larger than for net income because the company bought in shares.

Sales rose nearly 7 per cent to $2.27bn. Mr Richard Mahoney, Monsanto'e chairman, said demand was strong across all its main product lines and he expected an outstanding year for the company. "We are very pleased with the way 1989 is taking shape," he said.

The company's best performance came at its Nutrasweet artificial sweetener business, where higher worldwide demand caused operating profits to double to $74m.

An increase in land under cultivation since last year's drought led to improvements at tha herbicide operation while the G.D. Searle drugs company cut its loss from $26m to $8m.

Profits from chemicals were down from $162m to $130m because of higher raw material costs and the loss of profits from an Australian business, which was sold last year. "We think that raw material costs have peaked and we expect that the chemical company's margins will improve throughout the remainder of 1989," Mr Mahoney said.

Reebok ahead but warns of fall

By Karen Zagor

REEBOK International, the US shoe and clothing maker 32 per cent owned by Pentland Industries of the UK, yesterday reported a slight improvement in first-qnarter earninga, although the company predicts a decline in the second quarter.

For the three months ended March 31, net income rose 3.4 per cent to $49.4m or 43 cents a share, from $47.8m or 42 cents a share the previous year. Sales were up 7.6 per cent to $488.5m from $454m.

Mr Paul Fireman, chairman and chief executive, said sales were very strong, and demand in the first quarter had been mnch higher than anticipated.

"This increase in first-quarter sales, combined with our plan to decrease inventory levels, has resulted in our inventories being lower than we would like."

The Massachnsetts-based company said inventories at the end of March fell to $252m from $298m a year ago. "This presents a temporary prohlem which will affect second-quarter sales because shortages in certain products will prevent us from taking as many orders as are available for second quarter delivery".

Reebok, wbose trendy sports shoes are the brand of choice on the Chicago trading floors and US city streets, seems to have recovered from a disastrons fourth quarter, when per-share earnings plummeted to 6 cents from 30 cents, taking year-end earnings into a decline for the first time in the company's nine-year history.

However, Reebok is still plagued by many of the problems which caused last year's decline, such as the performance of its Avia and Rockport brands.

Furthermore, appreciation of the Sonth Korean currency, the won, has pushed production costs higher, since much of Reebok's footwear is made there. Meanwhile, competitive pressure in the US market is forcing Reebok to spend more on advertising and promotions.

Hugo Boss in share flotation

By Haig Simonian in Frankfurt

HUGO BOSS, the West German quality clothing group which earlier this year bought Joseph & Feiss, the US men's fashion company, is to float up to 20 per cent of its ordinary shares as part of a complicated three-stage capital-raising package.

The group, which first issued preference shares to the public in late 1985, announced that Mr Uwe Holy and Mr Jochen Holy, its two main shareholders and guiding lights, are to sell some of its ordinary share capital, which they own exclusively. The move is in response to investor demand for a wider market in the company's equity.

Timing and pricing details for the issue, which will be led by Commerzbank, are likely to emerge at the company's press conference on May 11. However, Boss confirmed that the issue will take place before its annual general meeting on June 26.

The company, whose sales rose by almost 13 per cent to DM600m ($324m) in 1988, also announced a one-for-three scrip issue, reflecting a 49 per cent rise in net profits to DM33.7m in 1988 reported earlier and favourable sales and profits developments so far this year.

Boss also said it would be raising the dividend on both its preference and ordinary shares from DM20 a share and DM18 a share respectively in 1987.

The company is planning a rights issue later this year to raise its shareholders' funds to reflect recent growth and acquisitions, as well as supply further capital for growtb, although it gave no further details beyond saying that the issue would coma after the annual meeting.

World pulp prices aid growth at Repap

By Robert Gibbens in Montreal

THE STRENGTH of international pulp prices helped Repap Enterprises to maintain profits growth in the first quarter, while companies with large newsprint production bases have heen reporting lower earnings.

Repap, with major pulp mills in Eastern and Western Canada and coated paper mills in New Brunswick and Wisconsin, reported net income of C$24.7m (US$20.8m) or 47 cents a share, up from C$18.1m or 35 cents a year earlier on sales of C$264m against C$256m.

● Fletcher Challenge Canada, an integrated forest products group with a large newsprint component, reported first-quarter net profits of C$36.1m or 60 cents a share, down from C$45.4m or 78 cents, on sales of C$335m against C$356m.

Newsprint and lumber markets softened hut the company also benefited from higher pulp prices. Profit for all 1989 will not match the peak level of 1988, it warned.

● Higher base metal prices brought douhled profits for Cominco, the Vancouver-based mining and metals group controlled by Teck Corporation and two large international metals companies.

First-qnarter net was C$70.5m or 86 cents a share, up from C$31.9m or 35 cents a year earlier, on revanues of C$394m, against C$363m.

Cominco is the former mining and metals arm of Canadian Pacific.

● TransCanada PipeLines saw improved first-quarter results from its gas transmission business, but losses on its upstream oil and gas division increased because of lower oil production. Overall group first-qnarter earnings were C$24.7m or 16 cents a share, up from C$18.2m or 13 cents.

Shareholders at the annual meeting in Toronto were expected to approve the company's spin-off of its Encor Enargy upstream husiness. BCE, Canada's largest holding company, owns 49 per cent of TCPL and approves the plan creating a separate gas utility and upstream oil and gas company. It will own 49 per cent of the new Encor.

INTERNATIONAL COMPANIES AND FINANCE

Koor finds unexpected riches in the Post

Hugh Carnegy on the puzzlingly high bid for the Jerusalem paper

When senior executives of Koor Indnstries, the ailing Israeli conglomerate, decided to include a majority shareholding in the English-language Jerusalem Post newspaper in a US$200m asset sale launched to appease anxious creditors, they reckoned its reputation might help to fetch a good price.

Just how good, they are now finding out.

When the 10 bids were opened last week, Koor was astonished to discover an offer of $20.6m from Hollinger, the Canadian group headed by Mr Conrad Black which also owns Britain's Daily Telegraph.

Previously, a figure of around $5m had been floated as a likely price for the 55 per cent stake held by Israel Investors Corporation (IIC), a US-based Koor subsidiary. "At first we really thought it might be a typing error," said an adviser to a somewhat chastened rival bidder.

The question now is what led Hollinger to make such a high bid – the next highest was around $8m – and what plans it may have for the newspaper. Yesterday, Mr David Radler of Hollinger began talks in Israel with IIC, but declined to comment on the bid.

On the face of it, the Post is a modest prospect for an investor. Its daily circulation is just 25,000, rising to around 45,000 on Fridays. Its asset value is put at near $3m and it has only managed to break even recently. The paper invested in a computerised editorial system 18 months ago and employs 70 journalists.

THE JERUSALEM POST

But, as with other newspapers around the world, it is the less easily calculable assets which seem to have set the bidding alight.

Since its foundation as the Palestine Post during the British Mandate in 1932, it has built a reputation as an independent Jewish voice which these days takes s liberal line well to the left of Mr Yitzhak Shamir, the hardline Prime Minister. In Israel its influence derives from its sole position as an English-language daily, scrutinised minutely by foreign diplomats and politicians and probably too much by foreign correspondents.

Additionally, the Post is a key source of information about Israel for the big Jewish community in the US. It publishes a weekly international edition which has a circulation of more than 60,000, mainly in the US.

The combination of these factors – especially the possibility of expanding in the US by greater use of satellite transmission – drew the bidders to the sale. Apart from Hollinger they include Mr Robert Maxwell, the British publisher, acting jointly with Mr Charles Bronfman of Canada's Claridge group. Their now modest-looking $3.5m bid was to be followed by a $15m plan to make the Post "the voice of world Jewry."

Mr Arye Genger, an Israeli businessman of s right-wing political bue, is another prominent figure in the bidding. The prospect of coming under the control of him or Mr Maxwell has alarmed the Post staff, who hoped that the Australian Pratt Group, which prints and distribntes the international edition of the paper, would win the day.

THE JERUSALEM POST

Now, however, all eyes are on Hollinger. There is much puzzling in Israel over Mr Black's motives. It is noted thet, unlike the other top bidders, he is not Jewish, though some of his top associates are. Even those who see a rationale for a Jewish investor to pay over the odds to secure such an organ of Jewry feel that Hollinger's bid is, in the words of one senior Post executive, "totally out of proportion."

Like other bidders, Hollinger may also want to acquire the balance of the shares currently held by Bank Hapoalim, Koor's biggest creditor, although the bank says it has yet to decide whether it is willing to sell.

All this will become clear to IIC and its masters in Koor this week. For now, Koor, owned by the Israeli labour movement and in debt to the tune of more than $1.2bn, is delighted that its bunch to strip out the Post holding before disposing of the rest of IIC looks like paying off.

NZ securities watchdog delays new ANI report

By Bruce Jacques in Sydney

AN UPDATED balance sheet and financial performance report on Australian National Industries (ANI), the Sydney-based engineering group, is likely to be delayed for at least a week.

The statement, which was expected yesterday, was forestalled by the A$750m (US$597.4m) takeover bid launched for ANI on Friday by the Consolidated Press Holdings group, chaired by Mr Kerry Packer.

Mr Neil Jones, ANI chairman, sought immediate approval yesterday from the National Companies and Securities Commission to release the financial information so that the market would be able to make a decision on the takeover offer.

But late yesterday Mr Henry Bosch, the commission chairman, said he was treating Mr Jones' request with caution because of ANI's exposure to the recent collapse of the Sydney merchant bank Spedley Holdings, which was estimated at close to A$200m.

Mr Bosch said that, since the Spedley provisional liquidator had said that there was no clear idea of the company's financial situation, the commission "would want to make sure that the ANI release told the full story."

"I believe the financial situation of the Spedley group is likely to be very relevant to ANI," Mr Bosch said. "Therefore, the commission would be wanting to ask a considerable number of questions about whether or not any statement would be a full statement and one that would not be likely to mislead the market."

● Consolidated Press said that in the future it may sell inadequately performing assets of ANI if its takeover bid succeeds. But its takeover document said it planned to continue the ANI businesses for the present.

Bond Corp is questioned over share price drop

THE AUSTRALIAN Stock Exchange said yesterday it had questioned Bond Corporation Holdings about the recent decline in its share price, Reuter reports from Perth.

Bond Corp's share price fell to A$1.14 (US$0.91) yesterday – a low for 1989 – from a closing A$1.30 on Friday. The company said it knew of no reason for the fall.

Mr Peter Beckwith, managing director, said in a statement: "There is certainly nothing in the affairs of the company or in the knowledge of its directors that would warrant it."

"Quite recently there was a similar fall in a short period of time. Almost certainly that was occasioned to a substantial extent by short-selling," he said. "There must be some prospect on evidence that this is happening again."

Bond Media, owned 51.6 per cent by Bond Corp, also fell to a 1989 low of 30 cents, down from 32 cents on Friday.

Shares in companies associated with entrepreneur Mr Alan Bond have been out of favour, following his unsuccessful attempt to take over Lonrho in the UK and worries surrounding an Australian Broadcasting Tribunal investigation into Bond's fitness to hold a broadcasting licence.

Minmetals keeps price of New Zealand Steel secret

By Dai Hayward in Wellington

DESPITE TWO requests from tbe New Zealand Stock Exchange, the price that Minmetals of China agreed to pay this week for New Zealand Steel – believed to be around NZ$400m (US$245.2m) – is still secret.

Minmetals insists that the amount it will pay to the receivers of the failed Eqmticorp investment group for its 80 per cent of NZ Steel, and to the Fisher and Paykel industrial company for the remaining 20 per cent, should stay confidential. The Chinese put this requirement in writing.

F&P said it does not have the power to disclose the price because of this contractual agreement.

The stock excbange requested the information, in line with listings requirements, to keep the market informed.

Mr Lindsay Gillanders, F&P company secretary, said that the price will probably be revealed after settlement date on June 30.

It has been disclosed that the Minmetals bid arrived after the deadline in the tender but it was accepted because it was so much higher than any competing offer.

The deal is one of China's biggest overseas purchases. It follows similar investments in commodities of which China is a big importer.

These include a Canadian pulp mill, part of an Australian aluminium smelter and forests in the US. Minmetals is now bidding for a large area of New Zealand forests being offered for sale.

● The receivers of Equiticorp said yesterday the company would be delisted on May 5, Reuter adds.

The New Zealand Stock Exchange suspended trading in Equiticorp from this week. The shares last traded at just 1 cent.

Rationalisation lifts Kao profits 14.6% to Y35bn

By Ian Rodger in Tokyo

PRE-TAX profits of Kao, the leading Japanese toiletries group, rose 14.6 per cent to a record Y35bn ($266.4m) in the year to March, mainly due to rationalisation moves although there was a modest 6.4 per cent rise in sales to Y521.3bn.

The company said sales of cosmetics, facial cleansing creams and household detergents rose, but disposable nappy sales dropped.

Kao last year assumed part of the investments of its European subsidiaries, which caused appraisal losses totalling Y1.1bn.

Nevertheless, parent net profit rose 16 per cent to Y15.4bn. The company is forecasting a pre-tax profit of Y38.5bn in the current year.

On a consolidated basis, net profit in the 1988-89 fiscal year rose 30.4 per cent to Y17.5bn or Y34.93 per share on sales up 11.2 per cent to Y572.2bn.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 24, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	58.2111	31.2844	44.2586
Albania (Lek)	10.0659	5.9037	3.1728	4.4886
Algeria (Dinar)	11.9843	7.0289	3.7775	5.3441
Andorra (Fr Fr)	10.7500	6.3049	3.3884	4.7937
(Sp Peseta)	197.15	115.6304	62.1434	87.9152
Angola (Kwanza)	50.8255	29.8096	16.0206	22.6646
Antigua (E Carr $)	4.6219	2.7107	1.4568	2.0610
Argentina (Austral)	125.135	73.3929	39.4436	55.8015
Aruba (Florin)	3.0641	1.7971	0.9658	1.3663
Australia (Aus $)	2.1568	1.2649	0.6798	0.9617
Austria (Schilling)	22.325	13.0938	7.0370	9.9554
Azores (Port Escudo)	263.40	154.4868	83.0260	117.4581
Bahamas (Bahama $)	1.7050	1	0.5374	0.7603
Bahrain (Dinar)	0.6463	0.3790	0.2037	0.2882
Balearic Is (Sp Peseta)	197.15	115.6304	62.1434	87.9152
Bangladesh (Taka)	53.45	31.3489	16.8479	23.8350
Barbados (Barb $)	3.4429	2.0192	1.0852	1.5352
Belgium (Belg Fr)	66.40c	38.9442	20.9298	29.6098
	66.65g	39.0909	21.0086	29.7212
Belize (B $)	3.4236	2.0079	1.0791	1.5266
Benin (CFA Fr)	537.50	315.2492	169.4247	239.6878
Bermuda (Bermudian $)	1.7050	1	0.5374	0.7603
Bhutan (Ngultrum)	26.73	15.6774	8.4255	11.9197
Bolivia (Boliviano)	4.3736	2.5651	1.3785	1.9503
Botswana (Pula)	3.4800	2.0410	1.0969	1.5518
Brazil (Cruzado)	1.7444	1.0231	0.5498	0.7778
British Virgin Is (US $)	1.7050	1	0.5374	0.7603
Brunei (Brunei $)	3.3078	1.9400	1.0426	1.4750
Bulgaria (Lev)	1.4956	0.8771	0.4714	0.6669
Burkina Faso (CFA Fr)	537.50	315.2492	169.4247	239.6878
Burma (Kyat)	11.4112	6.6927	3.5969	5.0886
Burundi (Burundi Fr)	262.50	153.9589	82.7423	117.0568
Cameroon (CFA Fr)	537.50	315.2492	169.4247	239.6878
Canada (Canadian $)	2.0270	1.1888	0.6389	0.9039
Canary Is (Sp Peseta)	197.15	115.6304	62.1434	87.9152
Cp. Verde Is (CV Escudo)	130.8243	76.7297	41.2369	58.3385
Cayman Is (CI $)	1.4208	0.8333	0.4478	0.6335
Cent. Afr. Rep (CFA Fr)	537.50	315.2492	169.4247	239.6878
Chad (CFA Fr)	537.50	315.2492	169.4247	239.6878
Chile (Chilean Peso)	433.25	254.1055	136.5642	193.1995
China (Renminbi Yuan)	6.3776	3.7405	2.0102	2.8439
Colombia (Col Peso)	623.09	365.4486	196.4034	277.8550
Comoro Is (CFA Fr)	537.50	315.2492	169.4247	239.6878
Congo (Brazz) (CFA Fr)	537.50	315.2492	169.4247	239.6878
Costa Rica (Colon)	137.8855	80.8712	43.4627	61.4874
Cuba (Cuban Peso)	1.3037	0.7646	0.4109	0.5813
Cyprus (Cyprus £)	0.8250	0.4838	0.2600	0.3678
Czechoslovakia (Koruna)	25.54c	14.9794	8.0504	11.3890
	16.55l	9.7067	5.2167	7.3801
	16.55t	9.7067	5.2167	7.3801
Denmark (Danish Kroner)	12.3450	7.2404	3.8912	5.5050
Djibouti Rep (Djib Fr)	303.00	177.7126	95.5082	135.1170
Dominica (E Carrib $)	4.6219	2.7107	1.4568	2.0610
Dominican Rep (D Peso)	10.8699	6.3753	3.4262	4.8472
Ecuador (Sucre)	766.87o	449.7771	241.7241	341.9710
	861.35a	505.1906	271.5051	384.1025
Egypt (Egyptian £)	4.28	2.5102	1.3490	1.9086
El Salvador (Colon)	8.5325	5.0043	2.6895	3.8049
Equat'l Guinea (CFA Fr)	537.50	315.2492	169.4247	239.6878
Ethiopia (Ethiopian Birr)	3.5198	2.0643	1.1094	1.5695
Falkland Is (Falk £)	1.00	0.5865	0.3152	0.4459
Faroe Is (Danish Kroner)	12.345	7.2404	3.8912	5.5050
Fiji Is (Fiji $)	2.4873	1.4588	0.7840	1.1091
Finland (Markka)	7.0788	4.1517	2.2313	3.1566
France (Fr)	10.7500	6.3049	3.3884	4.7937
Fr. Cty/Africa (CFA Fr)	537.50	315.2492	169.4247	239.6878
Fr. Guiana (Local Fr)	10.7500	6.3049	3.3884	4.7937
Fr. Pacific Is (CFP Fr)	194.00	113.7829	61.1505	86.5105
Gabon (CFA Fr)	537.50	315.2492	169.4247	239.6878
Gambia (Dalasi)	10.8699	6.3753	3.4262	4.8472
Germany East (Ostmark)	3.1725	1.8607	1	1.4147
Germany West (D Mark)	3.1725	1.8607	1	1.4147
Ghana (Cedi)	446.57	261.9178	140.7628	199.1393
Gibraltar (Gib £)	1.00	0.5865	0.3152	0.4459
Greece (Drachma)	270.89	158.8797	85.3869	120.7982

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Greenland (Danish Krone)	12.3450	7.2404	3.8912	5.5050
Grenada (E Carr $)	4.6219	2.7107	1.4568	2.0610
Guadaloupe (Local Fr)	10.7500	6.3049	3.3884	4.7937
Guam (US $)	1.7050	1	0.5374	0.7603
Guatemala (Quetzal)	4.7014	2.7574	1.4819	2.0964
Guinea (Fr)	513.54	301.1964	161.8723	229.0033
Guinea-Bissau (Peso)	1112.67	652.5923	350.7234	496.1739
Guyana (Guyanese $)	51.30	30.0879	16.1702	22.8762
Haiti (Gourde)	8.5590	5.0199	2.6978	3.8167
Honduras (Lempira)	3.4130	2.0017	1.0758	1.5219
Hong Kong (HK $)	13.2695	7.7826	4.1826	5.9172
Hungary (Forint)	103.0270	60.4263	32.4750	45.9429
Iceland (Icelandic Krona)	89.90	52.7272	28.3372	40.0891
India (Indian Rupee)	26.73	15.6774	8.4255	11.9197
Indonesia (Rupiah)	3014.09	1767.7947	950.0677	1344.0758
Iran (Rial)	121.25	71.1143	38.2190	54.0691
Iraq (Iraqi Dinar)	0.5320	0.3120	0.1676	0.2372
Irish Rep (Punt)	1.1900	0.6979	0.3750	0.5306
Israel (Shekel)	3.104	1.8205	0.9784	1.3841
Italy (Lira)	2327.00	1364.8093	733.4909	1037.6811
Ivory Coast (CFA Fr)	537.50	315.2492	169.4247	239.6878
Jamaica (Jamaican $)	9.2310	5.4140	2.9096	4.1163
Japan (Yen)	224.25	131.5249	70.6855	100
Jordan (Jordanian Dinar)	0.9089	0.5330	0.2864	0.4053
Kampuchea (Riel)	170.50	100	53.7431	76.0312
Kenya (Kenya Shilling)	33.14	19.4369	10.4460	14.7781
Kiribati (Australian $)	2.1568	1.2649	0.6798	0.9617
Korea North (Won)	1.6604	0.9738	0.5233	0.7404
Korea South (Won)	1141.03	669.2258	359.6627	508.8205
Kuwait (Kuwaiti Dinar)	0.4949	0.2902	0.1559	0.2206
Laos (New Kip)	736.07	431.7126	232.0157	328.2363
Lebanon (Lebanese £)	899.75	527.7126	283.6091	401.2263
Lesotho (Maluti)	4.3205	2.5340	1.3618	1.9266
Liberia (Liberian $)	1.7050	1	0.5374	0.7603
Libya (Libyan Dinar)	0.5022	0.2945	0.1582	0.2239
Liechenstein (Swiss Fr)	2.8000	1.6422	0.8825	1.2486
Luxembourg (Lux Fr)	66.40	38.9442	20.9298	29.6098
Macao (Pataca)	13.7600	8.0703	4.3372	6.1360
Madeira (Port Escudo)	263.40	154.4868	83.0260	117.4581
Malagasy Rep (MG Fr)	2452.25	1438.2697	772.9708	1093.5340
Malawi (Kwacha)	4.5365	2.6607	1.4299	2.0229
Malaysia (Ringgit)	4.5640	2.6768	1.4386	2.0352
Maldive Is (Rufiya)	14.9098	8.7447	4.6997	6.6487
Mali Rep (CFA Fr)	537.50	315.2492	169.4247	239.6878
Malta (Maltese £)	0.5845	0.3428	0.1842	0.2606
Martinique (Local Fr)	10.7500	6.3049	3.3884	4.7937
Mauritania (Ouguiya)	128.3850	75.2991	40.4680	57.2508
Mauritius (Maur Rupee)	25.05	14.6920	7.8959	11.1705
Mexico (Mexican Peso)	4131.08a	2422.9208	1302.1528	1842.1761
	4074.94d	2389.9941	1284.4570	1817.1415
Miquelon (Local Fr)	10.7500	6.3049	3.3884	4.7937
Monaco (French Fr)	10.7500	6.3049	3.3884	4.7937
Mongolia (Tugrik)	5.7439	3.3688	1.8105	2.5613
Montserrat (E Carr $)	4.6219	2.7107	1.4568	2.0610
Morocco (Dirham)	14.2173	8.3385	4.4814	6.3399
Mozambique (Metical)	1213.70	711.8475	382.5689	541.2263
Namibia (S A Rand)	4.3205	2.5340	1.3618	1.9266
Nauru Is (Australian $)	2.1568	1.2649	0.6798	0.9617
Nepal (Nepalese Rupee)	41.0832	24.0957	12.9497	18.3202
Netherlands (Guilder)	3.5800	2.0997	1.1284	1.5964
N'nd Antilles (A/Guilder)	3.0641	1.7971	0.9658	1.3663
New Zealand (NZ $)	2.7810	1.6310	0.8765	1.2401
Nicaragua (Cordoba)	11262.90	6605.8064	3550.1654	5022.4749
Niger Rep (CFA Fr)	537.50	315.2492	169.4247	239.6878
Nigeria (Naira)	12.7529	7.4797	4.0198	5.6869
Norway (Nor. Krone)	11.5075	6.7492	3.6272	5.1313
Oman (Rial Omani)	0.6601	0.3871	0.2080	0.2943
Pakistan (Pak. Rupee)	33.97	19.9237	10.7076	13.1482
Panama (Balboa)	1.7050	1	0.5374	0.7603
Papua New Guinea (Kina)	1.4570	0.8545	0.4592	0.6497
Paraguay (Guarani)	-			
	1726.98a	1012.8914	544.3593	770.1137

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Peru (Inti)	-			
	2901.05a	1701.4956	914.4365	1293.6677
Philippines (Peso)	35.20	20.6451	11.0953	15.6967
Pitcairn Is (£ Sterling)	1.00	0.5865	0.3152	0.4459
(NZ $)	2.7810	1.6310	0.8765	1.2401
Poland (Zloty)	1162.40	681.7595	366.3987	518.3500
Portugal (Escudo)	263.40	154.4868	83.0260	117.4581
Puerto Rico (US $)	1.7050	1	0.5374	0.7603
Qatar (Riyal)	6.2443	3.6623	1.9682	2.7845
Reunion Is. de la (F/Fr)	10.7500	6.3049	3.3884	4.7937
Romania (Leu)	14.781	8.6686	4.6587	6.5908
Rwanda (Fr)	134.18	78.6979	42.2947	59.8350
St Christopher (E Carr $)	4.6219	2.7107	1.4568	2.0610
St Helena (£)	1.00	0.5865	0.3152	0.4459
St Lucia (E Carr $)	4.6219	2.7107	1.4568	2.0610
St Pierre (French Fr)	10.7500	6.3049	3.3884	4.7937
St Vincent (E Carr $)	4.6219	2.7107	1.4568	2.0610
San Marino (Italian Lira)	2327.00	1364.8093	733.4909	1037.6811
Sao Tome (Dobra)	174.0269	102.0685	54.8548	77.6039
Saudi Arabia (Riyal)	6.4000	3.7536	2.0173	2.8539
Senegal (CFA Fr)	537.50	315.2492	169.4247	239.6878
Seychelles (Rupee)	9.30	5.4545	2.9314	4.1471
Sierra Leone (Leone)	107.50	63.0498	33.8849	47.9375
Singapore ($)	3.3078	1.9400	1.0426	1.4750
Solomon Is ($)	3.7900	2.2228	1.1946	1.6900
Somali Rep (Shilling)	407.41	238.9501	128.4192	181.6767
South Africa (Rand)	4.3205c	2.5340	1.3618	1.9266
	6.9295f	4.0642	2.1842	3.0900
Spain (Peseta)	197.15	115.6304	62.1434	87.9152
Spanish Ports In N Africa (Sp Peseta)	197.15	115.6304	62.1434	87.9152
Sri Lanka (Rupee)	57.80	33.9002	18.2190	25.7748
Sudan Rep (£)	7.7031	4.5179	2.4280	3.4350
Surinam (Guilder)	3.0556	1.7921	0.9631	1.3625
Swaziland (Lilangeni)	4.3205	2.5340	1.3618	1.9266
Sweden (Krona)	10.7925	6.3299	3.4018	4.8127
Switzerland (Fr)	2.8000	1.6422	0.8825	1.2486
Syria (£)	35.9478	21.0837	11.3310	16.0302
Taiwan ($)	46.35	27.1847	14.6099	20.6688
Tanzania (Shilling)	232.50	136.3636	73.2860	103.6789
Thailand (Baht)	43.19	25.3313	13.6138	19.2597
Togo Rep (CFA Fr)	537.50	315.2492	169.4247	239.6878
Tonga Is (Pa Anga)	2.1568	1.2649	0.6798	0.9617
Trinidad/Tobago ($)	7.2752	4.2669	2.2932	3.2442
Tunisia (Dinar)	1.6102	0.9443	0.5075	0.7180
Turkey (Lira)	3532.77	2072.0058	1113.5602	1575.3712
Turks & Caicos (US $)	1.7050	1	0.5374	0.7603
Tuvalu (Australian $)	2.1568	1.2649	0.6798	0.9617
Uganda (New Shilling)	341.4055	200.2378	107.6140	152.2432
U A E (Dirham)	6.2675	3.6759	1.9755	2.7948
United Kingdom (£)	1.00	0.5865	0.3152	0.4459
United States (US $)	1.7050	1	0.5374	0.7603
Uruguay (Peso)	896.76	525.9589	282.6666	399.8929
USSR (Rouble)	1.0666	0.6255	0.3362	0.4756
Vanuatu (Vatu)	181.50	106.4516	57.2104	80.9364
Vatican (Lira)	2327.00	1364.8093	733.4909	1037.6811
Venezuela (Bolivar)	63.6500	37.3313	20.0630	28.3835
Vietnam (Dong)	7703.1	4517.9472	2428.0851	3435.0501
Virgin Is-British (US $)	1.7050	1	0.5374	0.7603
Virgin Is-US (US $)	1.7050	1	0.5374	0.7603
Western Samoa (Tala)	3.7383	2.1925	1.1783	1.6670
Yemen (Rial)	16.7212	9.8071	5.2706	7.4564
Yemen PDR (Dinar)	0.5871	0.3443	0.1850	0.2618
Yugoslavia (Dinar)	16445.90	9645.6891	5183.8928	7333.7346
Zaire Rep (Zaire)	598.52	351.0381	188.6587	266.8985
Zambia (Kwacha)	17.30	10.1466	5.4531	7.7146
Zimbabwe ($)	3.4325	2.0131	1.0819	1.5306

Special Drawing Rights April 21, 1989 United Kingdom £0.760512 United States $1.30770 Germany West D Mark 2.41676 Japan Yen172.159 European Currency Unit Rates April 24, 1989 United Kingdom £0.654546 United States $1.11908 Germany West D Mark 2.07902 Japan Yen146.845

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre, Enquiries: 01 634 4360/5. Monday, April 24, 1989.

PUBLIC NOTICE

OFFICE OF FAIR TRADING
PUBLIC NOTICE

Competition Act 1980
Competition reference
under section 5

BLACK & DECKER

The Director General of Fair Trading has published a report under section 3 of the Competition Act 1980 stating in accordance with section 3 (10) of the Act that a course of conduct pursued by Black & Decker constituted an anti-competitive practice and that it was appropriate for him to make a reference under section 5 of the Act. the Director General has not accepted any undertaking from Black & Decker which covers the course of conduct described in the report. Therefore, in excise of his powers under section 5 of the Act the Director general has made a reference to the Monopolies and Mergers Commission in the following terms:

(a) the person whose activities is to be investigated by the Commission is Black & Decker;

(b) the goods to which the investigation is to be extend are portable power tools and portable workbenches, intended in either case for domestic use, and not including power tools designed only for garden use;

(c) the course of conduct to be investigated is Black & Decker's conduct in with holding, or having withheld or threatened to withhold, supplies of the goods described in (b) from dealers on grounds related to the price at which such goods have been resold.

A report on this reference is to be made within a period of four months from 18 April 1989.

If you have any information which help the Commission in their enquiries, please write to: The Secretary, Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT. If your letter is to be taken into account by the Commission it must arrive no later than 9 May 1989.

INTERNATIONAL CAPITAL MARKETS

Mitsubishi's $1.5bn issue offers downside protection

By Andrew Freeman

THE LARGEST JAPANESE equity warrant deal seen on the Eurobond market was launched yesterday for Mitsubishi Corporation. The $1.5bn five-year issue was brought by Nikko Securities on a day when nearly $3bn worth of equity warrant deals dominated new-issue activity.

The Mitsubishi bonds were priced at par and came with an indicated coupon of 4¾ per cent. A Nikko official said the paper was trading at 102 bid, a fine premium to the issue price.

The issue has an unusual feature whereby the exercise price of the warrants will be re-fixed after three years. The idea behind the structure is that investors effectively have downside protection if the Mitsubishi share price underperforms.

However, they also stand to lose out if the shares perform very strongly. The borrower achieves cheaper funding in return for the downside protection it is offering investors.

Five other equity warrant deals were launched to achieve final pricing before important Japanese holidays next week.

Daiwa was the lead manager of two deals, a $200m issue for Tokyo Tatemono and a $100m issue for Daiken Trade & Industry. Both deals carried indicated coupons of 4⅝ per cent and were quoted by the lead manager at par bid.

A $500m issue for Toyo Sash came with an indicated coupon of 4½ per cent. The par-priced bonds were quoted by Nomura International, lead manager, at less ½ bid, well above underwriting fees of 2¼ per cent. Nomura also led a $250m deal for Furukawa which was trading at less ¼ bid, well inside fees.

Nikko Securities was the lead manager of a $150m issue for Nippon Paint which was trading at 100⅛ bid, a small premium to the par issue price.

In Switzerland yesterday, a two-tranche convertible issue for Fuji Bank was brought by Swiss Bank Corporation. A SFr300m tranche was offered to public subscription with an indicated coupon of ½ per cent and a yield to put of 2 per cent, while a SFr500m zero-coupon private placement came with an indicated yield to put of around 2½ per cent.

The quiet conditions on the Tokyo equity market meant that both issues had subdued receptions from investors. Some co-managers were apparently willing to accept losses on their allocations rather than hold the paper.

Both tranches were trading well outside underwriting fees. The public bonds were quoted by the lead manager at less 3¼ bid, against fees of 1⅞ per cent, while the private tranche were at less 4 bid, against fees of 1⅝ per cent.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tokyo Tatemono‡	200	(4⅝)	100	1993	1½/¾	Daiwa Europe
Daiken Trade&Ind.‡	100	(4⅝)	100	1993	1½/¾	Daiwa Europe
Mitsubishi Corp.‡(a)	1.5bn	(4¾)	100	1994	1½/¾	Nikko Secs.
Nippon Paint‡	150	(4⅝)	100	1993	1½/¾	Nikko Secs.
Toyo Sash Co.‡	500	(4½)	100	1993	1½/¾	Nomura Int.
Furukawa Co.‡	250	(4½)	100	1993	1½/¾	Nomura Int.
Jardine Strat.Hldg.§◆	200	6½	(f)	(f)	2/2	CSFB
D-MARKS						
DG Bank Lux.★★◆	100	6½	100	1993	n/a	DG Bank
SWISS FRANCS						
MOS Food Services§(c)	130	(½)	100	1993	n/a	BSI
Fuji Bank§(g)	300	(½)	100	1993	1⅞	SBC
Fuji Bank§★★(h)	500	0	100	1993	1⅝	SBC
Tokyo Tatemono§★★(d)	130	(0)	100	1994	n/a	UBS
Kawasaki Kasei Chem.§(e)	50	(½)	100	1991	1⅛/1⅝	SBC
STERLING						
Issue update:						
Cookson Group Fin.§◆(b)	64	5⅞	100	2004	n/a	CSFB
ECUs						
Cerinvest NV◆	50	9¼	101.8	1991	⅝/½	Merrill Lynch

‡With equity warrants. ★★Private placement. §Convertible. ◆Final terms. a)Exercise price is re-fixed after 3 years. b)Convertible preference shares. Put to yield 11%. Issue amount increased from 60m to 64m. c)Semi-annual coupon. d)Indicated put option 30/6/92 at 109⅝ to yield 2.952%. e)Indicated put option 30/9/91 at 104⅛ to yield 2.205%. f) Priced at bid price of outstanding issue on or before 28/4/89. g)Indicated put option 31/3/91 at 102⅞ to yield 2.0%. h)Indicated put option at 104⅞ to yield 2.535%.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 24

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅞ 95	600	97⅞	98¼	—	—	9.78
Austria 9⅛ 93	140	99	99⅛	—	—	9.89
B.F.C.E. 7 92	150	92⅛	92⅝	-0⅛	+0⅛	10.12
B.F.C.E. 9⅛ 95	150	96⅛	97⅜	-0⅛	+0¼	9.90
Brit. Tel. Fin. 9⅛ 98	250	96⅞	97⅜	-0⅛	+0⅞	9.83
Campbell Soup 9⅛ 93	100	95½	96	—	—	10.32
Canada 9 96	1000	97⅞	97⅞	0	+1⅛	9.48
Canadian Pac 10⅜ 93	100	†101	102	0	+0¼	10.27
C.C.C.E. 9¼ 95	300	97⅛	97½	0	+0⅜	9.85
C.N.C.A 9¼ 93	150	97½	97⅞	-0⅛	+0⅜	7.00
Credit Lyonnais 9 91	200	†97⅝	98¼	-0½	+0⅛	10.21
Credit National 8⅛ 93	200	94⅞	94⅞	-0⅛	+0⅛	9.95
Credit National 7¼ 92	100	93¼	93½	-0¼	+0¼	10.09
Credit National 9⅛ 92	160	†99¼	99⅜	-0⅛	+0⅜	9.64
Dai-Ichi Kan 9⅜ 92	150	98⅞	99	-0⅛	+0⅜	10.08
Denmark 7⅛ 92	500	92⅞	93	-0⅛	+0⅜	10.20
E.E.C. 7 93	100	93¼	93⅛	0	+0⅝	9.91
E.E.C. 7⅛ 93	250	91½	92	-0⅛	+0⅜	9.91
E.E.C. 10 93	140	100⅛	100⅛	—	—	9.79
E.I.B. 7⅜ 93	100	91½	92	-0⅛	+0⅜	9.90
E.I.B. 9⅞ 97	150	97½	97⅞	0	+0⅝	9.79
Eurofima 10⅛ 93	100	100¼	101	—	—	9.87
Elec. De France 9 98	200	95	95⅜	-0⅛	+0⅜	9.84
Finland 7⅞ 97	200	89⅜	89⅞	0	+0⅞	9.89
Finn. Exp. Cd. 8⅛ 92	200	95⅜	96⅛	-0⅛	+0⅝	10.20
Finn. Exp. Cd. 9⅜ 95	200	96⅛	97⅛	0	+0⅜	10.00
Ford Motor Credit 8 91	250	†95⅜	96⅛	-0½	0	10.47
Ford Mtr. Credit 10 92	200	98½	98⅞	—	—	10.56
Gen. Elec. Cap. Corp. 9 93	500	†96	96⅛	-0⅛	+0½	10.05
Gen. Elec. Cap. Crp. 10 1/2 91	300	100½	101	-0⅛	+0⅜	10.02
Gen. Mtrs. Corp. 9⅛ 92	200	96¼	97⅝	-0⅛	+0½	10.23
IBM Credit Corp. 8⅞ 91	250	97⅞	97⅜	-0⅜	+0½	9.94
IBM Credit Corp. 9⅞ 92	250	98½	99	-0⅜	+0⅛	10.00
Italy 9½ 95	1000	98⅛	98½	-0⅛	+1	9.85
Italy 9⅝ 99	1000	†98⅝	98⅝	-0⅛	+1⅛	9.88
L.T.C.B of Japan 8 91	200	95¼	95⅝	-0⅛	+0⅜	10.31
L.T.C.B. of Japan 9¼ 92	200	97⅜	98	-0⅛	+0⅜	10.04
Metropolis Tokyo 9½ 93	200	98⅛	99⅛	-0⅛	+1	9.85
Nippon Tel.&Tel. 9⅜ 98	250	97	97⅜	0	+0½	9.83
Norway 8¼ 93	500	96⅜	96¾	-0⅛	+0⅞	9.87
Portugal 8⅛ 91	300	†96	96½	-0⅛	+0½	10.50
Prudential Crp. 8¼ 94	125	95⅝	96⅛	0	+0¼	9.78
State Bk S Aust 9⅛ 93	100	†96⅜	97⅝	0	+0½	10.18
Sumitomo Bank 9⅜ 92	150	†98⅜	98⅞	-0¼	+0⅞	10.08
Swed Exp Cred 7⅛ 91	100	†93⅜	94	-0⅜	+0½	10.02
Sweden 7 91	250	93½	94	-0⅛	+0⅜	9.95
Sweden 8¾ 96	200	95	95½	+0⅛	+1¼	9.72
Sweden 8½ 92	200	†95⅛	96	-0⅛	+0½	10.03
Toyota 9½ 91	200	98	98½	0	+0½	10.24
Victorian Rep 11⅝ 92	150	103⅛	103⅛	0	+0¼	10.31
World Bank 7 92	300	†93	93½	-0⅜	+0⅝	9.88
World Bank 9 97	300	95⅝	95⅞	+0⅜	+0⅜	9.78
World Bank 9 93	300	97⅞	98¼	—	—	9.58
World Bank 9¼ 98	300	96⅝	97	0	+0⅜	9.77
World Bank 9⅛ 99	500	98⅜	99	-0¼	+1	9.80

Average price change... On day -0⅛ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	96⅝	97⅛	-0¼	-0⅛	6.64
Austria 6¼ 99	750	98⅜	99	0	-0⅛	6.91
Bank of Tokyo 5¾ 93	100	97¼	97¾	-0⅛	0	6.50
Commerzbank o/s. 5⅜ 93	300	†96	96½	0	0	6.54
Credit Foncier 6¾ 99	500	98⅜	98⅞	+0⅛	-0⅛	7.93
Degussa Int. 6⅛ 97	200	95⅛	95⅞	0	0	6.85
E.I.S 5½ 98	150	90⅝	91⅜	0	-0⅛	6.87
E.I.B. 6¼ 99	600	95½	95⅞	-0⅛	0	6.87
E.I.B. 6⅛ 96	300	96⅛	96⅝	-0⅛	-0⅛	6.77
E.I.B. 6½ 99	300	96⅞	97¼	-0⅛	-0⅛	6.91
E.I.B. 6⅞ 95	300	100½	101⅛	0	+0⅛	6.70
Euro.Coal& Steel 5⅞ 97	175	93¼	94	-0⅛	-1⅛	6.95
Eurofima 6¼ 96	100	97½	98¼	-0⅜	+0⅛	6.63
Elec De France 5¼ 97	300	94	94⅞	+0⅜	+1	6.64
Forsmark Krtg. 5⅝ 93	200	93⅞	94½	-0⅛	0	6.87
Hydro-Quebec 6¼ 99	300	98⅛	98⅝	-0⅛	-0⅛	6.96
Japan Dev. Bk. 5⅜ 95	300	94⅝	95⅛	0	+0⅜	6.46
Japan Finance 5¼ 97	100	93¼	93¾	0	-0⅜	6.87
Ireland 6½ 97	300	97⅜	97⅞	+0⅛	0	6.89
Malaysia 6¼ 94	150	99¼	100	-0¼	-0⅛	6.33
Nat. West BK. PLC 6 98	300	93⅜	93⅞	-0⅛	-0½	6.99
N.H.L. Finance 6¼ 95	200	†95⅜	96¼	0	+0⅝	7.02
Nippon Telg.&Tel. 6 95	400	96⅝	97⅛	-0½	-0½	6.29
Oesters. Kontbk. 5 93	300	95⅞	96½	+0⅛	-0⅛	6.18
Portugal 5¾ 92	150	98⅝	98⅛	+0½	+0½	6.26
Portugal 6⅝ 95	150	98⅛	98⅜	-0⅛	-0⅛	6.92
Privatbanken 5¼ 93	150	94⅛	94⅞	-0⅞	-1	6.92
Royal Insurance 5⅛ 92	300	97⅞	98¼	-0⅛	+0⅜	6.26
Soc Cent Nuclear 7¼ 95	150	100⅞	101⅝	+0¼	+0½	6.99
Turkey 6½ 95	500	96⅝	97⅛	-0⅛	0	7.18
Union Bk. Finland 5½ 94	200	94½	94⅞	+0⅜	-0⅜	6.86
Westlb. Finance 5 93	200	†94⅛	95⅜	-0⅛	-0½	6.58
World BK. 6¼ 97	600	96⅝	97¼	0	-0⅛	6.95

Average price change... On day -0⅛ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†91½	93	-1¼	-3¼	6.36
Asfinag 5 03	100	†90½	91	-0¼	-0⅜	5.98
B.F.C.E. 4½ 98	200	†90⅛	90⅞	0	+0⅛	5.86
B.M.W.Fin.Neth. 5 13	150	†84	86	+2½	+3⅞	6.22
Britannia B/S. 4⅛ 94	100	†92	92⅛	0	0	6.08
CIR. Int. W/W 3 93	125	*†93½	93½	0	-0⅜	4.72
Credit Lyonnais 4¾ 00	100	†89	90	+0½	+0½	6.08
E.I.B 4⅝ 98	150	†90¼	90⅞	+0⅛	-0⅛	6.00
Fletcher Chall. 4⅞ 98	150	†88	89	+1¼	+1¼	6.62
Kobe City 4½ 98	150	†90½	91	0	0	5.96
Leeds Perm. B/S. 4⅛ 93	200	†92½	93	0	+0¼	6.24
Malaysia 5⅛ 98	100	†93	93¾	-0⅞	-0⅜	6.25
Maxwell Comm.Crp. 5 95	150	†92½	93	+1	-0⅛	6.46
Nat.Bk. Hungary 5½ 94	75	†96½	97½	+1	+1	6.14
Nationwide Ang.B/S. 4 93	200	†91	92	-0⅛	-0¼	6.39
Nippon Telg.&Tel.4¼ 95	200	†93	94	-0¼	-0⅜	5.49
Oesters.Ktbk. 5 03	75	*†93¼	93⅞	0	-0⅛	5.72
Prov. Newfoundland 5 03	150	†90⅜	91½	+0⅜	-2	5.93
Thailand 4⅝ 95	200	†92	93	0	0	6.11
World Bank 5 03	150	†90	92	-1⅜	-4	5.95

Average price change... On day +0⅛ on week -0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101⅝	101⅞	-0⅛	0	5.09
Canada 5⅝ 93	80	101⅜	101⅞	-0⅜	-0⅛	5.15
Eurofima 5 1995	20	98⅛	99¼	-0⅛	-0¼	5.20
E.I.B. 4⅞ 93	30	98⅛	99	-0⅜	-0⅜	5.24
Ireland 5⅛ 93	30	99⅝	100⅛	-0⅛	-0⅜	5.16
Norway 5⅛ 95	50	99⅜	100	0	-0⅛	5.15
Sweden 4⅝ 93	50	97⅜	98	-0⅜	-0¼	5.22
World Bank 5⅛ 98	10	98⅜	99⅛	+0⅛	-0⅛	5.27
World Bank 7 94	20	107⅛	108⅝	0	-0⅛	5.18

Average price change... On day -0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10⅛ 93 £	50	94⅛	95⅛	-0¼	-1⅛	12.02
Abbey Nat. 11⅛ 95 £	100	97⅜	98¼	+0¼	-0⅛	12.10
Alg. Bk. Ned. 5⅛ 92 FL	150	95½	96	0	+0⅜	7.21
Alg. Bk. Ned. 5⅛ 93 FL	200	96¼	96⅞	-0⅛	-0⅛	6.80
Austria 7½ 94 ECU	100	95⅛	95⅞	0	+0⅛	8.66
Bk.Nova Scot. 14⅜ 90 A$	75	95¼	96⅜	—	—	17.07
Barclays Aus. 13½ 91 A$	100	97⅛	97⅞	+0¼	+1⅛	14.72
Belgium 8⅞ 94 Ecu	150	97⅝	97⅞	0	+0⅛	8.74
BP Capital 9⅞ 93 £	100	92⅛	93⅛	+0¼	-0⅜	11.98
British Airways 10 98 £	100	90¼	91⅛	+0¼	-0⅛	11.67
Bubrmann-Tet. 6⅛ 93 FL	100	97⅛	97⅝	0	+0½	7.07
Comm. Bk.Aust. 12⅛ 93A$	100	†92⅛	92⅞	0	+0⅛	15.20
Coop.Ctr.Rabo.6⅛ 93 FL	100	98½	99⅛	-0⅛	0	6.63
CrLocalFrance 9⅛ 92Ecu	100	101⅛	101⅜	-0⅛	0	8.66
Deut.Bk.Aus. 13⅜ 95 A$	125	99	99⅜	+0⅛	+1⅛	13.58
Eastman Kodak 13 90 A$	100	94⅜	95⅜	+0⅛	+0⅝	17.30
E.I.B. 7 96 LFr	100	97	98	-0⅛	+0⅛	7.50
Elec. France 10⅛ 95 C$	125	†97⅛	97⅝	-1	+0⅛	10.82
Eurofima 7⅝ 94 Eco	100	97	97½	0	+1⅛	8.33
Fed.Bus.Dv.Bk.9⅞ 92 C$	75	†96⅛	97	-0⅛	+0⅞	11.02
Fed.Bus.Dev.Bk.10⅞ 93	50	97⅛	98⅛	-0⅛	+0⅛	11.17
Ferrv. State 7⅛ 93 Ecu	100	96	96½	-0⅛	+0½	8.87
Ford Cr. Can. 10⅞ 93 C$	100	†98⅛	98⅞	-0⅛	+0½	11.23
Ford Cred.Can.10⅞ 96C$	125	98⅛	99⅛	-0⅛	+0⅜	11.13
Ford Mtr.Cred.7⅛ 93Ecu	100	96⅞	97⅝	0	0	8.78
G.M.A.C. 9⅞ 95 C$	150	†95⅛	95⅝	-0⅜	+1	11.19
Hydro-Quebec 11 99 C$	400	99⅜	99⅞	-0⅜	+0⅜	11.03
Lloyds Bank 10⅛ 98 £	100	91⅛	91⅞	-0⅛	-0⅜	11.81
Lloyds Bank 11⅛ 98 £	100	95⅜	96⅛	+0⅛	-0⅛	12.07
Montreal Tst. 10⅛ 95 C$	100	†97⅛	98⅛	-0⅛	+0⅜	11.38
Morgan Guar.Tst. 11 91 C$	150	99⅜	99⅞	-0⅛	+0⅜	11.17
Nat. Aus. Bk. 14⅜ 94A$	100	99	99⅜	+0⅛	+1⅛	14.93
Ned.Midd. Bank 6 92 FL	150	97	97½	-0⅛	0	7.06
New Zealand 9⅛ 93 £	100	91⅞	92⅝	+0⅛	-0⅛	12.09
Philips Gloeil. 6 95 FL	300	97⅛	97¾	-0⅛	0	6.68
Privatbanken 7½ 94 LFr	500	98	99	-0⅛	+0⅛	7.87
Royal Bk.Scot.10⅝ 98 £	125	93⅛	94⅛	+0⅛	-0⅛	11.79
Saskatchewan 9⅞ 91 C$	150	†97⅛	97⅝	-0⅛	+0⅛	11.14
Saskatchewan 10⅛ 93 C$	200	97⅛	98⅛	-0⅛	+0⅜	10.94
State Bk.NSW. 13⅝ 93A$	100	95⅛	95⅞	+0⅛	+1⅛	15.19
Sweden 15 94 A$	100	102	102⅝	+0⅛	+1⅛	14.34
Union Bk. Switz. 7½ 93	150	†96	96½	0	-0⅛	8.50
World Bank 5⅛ 92 FL	100	97⅝	98⅛	-0⅛	+0⅛	6.52
World Bank 13⅛ 92 A$	100	†100½	101	+0⅛	+1⅛	13.01
Zentrspk. 13⅛ 93 A$	75	†97⅛	98	+0⅜	+1⅛	13.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.79	99.84	18/07	13.21
Belgium 91 US	0	100.07	100.17	19/08	10
Chase Manhattan Crp.91 US	0¼	99.37	99.62	20/08	9.94
Chelt.& Gloucester 94	.063	99.78	99.83	30/05	13.47
Citicorp 98 US	0¼	98.58	98.83	29/05	10.33
Credit Foncier 98 US	.063	99.95	100.05	20/04	8.44
EEC 3 92 DM	0	100.72	100.81	20/08	6.72
Halifax BS 94 £	.1	99.95	100.00	6/05	13.07
Invt. In Industry 94 £	0⅛	99.96	100.06	24/05	13⅛
Leeds Perm. B/S. 94 £	0⅛	100.00	100.05	13/07	9.19
Midland Bank 01 £	.1	97.92	98.33	7/05	13.15
Milk Mkt.Brd. 5 95 £	0⅛	99.86	99.91	30/12	12.06
New Zealand 5 97 £	.07	100.05	100.15	14/11	12.19
State Bk. Nsw. 98 US	.188	100.30	100.40	11/08	9.94
Woolwich Equit. BS. 93 £	0⅛	99.98	100.03	13/07	13.37
Woolwich 5 95 £	0⅛	99.94	99.99	19/05	13.12

Average price change... On day +0.02 on week -0.05

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62	113⅞	114⅞	+0⅞	11.32
Amer. Brands 7⅛ 02 US	9/87	56.7	121⅛	122⅛	0	1.52
Ashikaga Bank 2⅛ 02 US	4/87	967.	137	138	+2	4.75
Asics 5 92 DM	12/83	472.7	240½	241⅞	-2	2.67
CBS. Inc. 5 02 US	14/87	200.	98	99	+0⅛	4.93
Primerica 5½ 02 US	4/87	66.75	65½	66⅛	+0⅛	109.79
Eng.China Clay 6¼ 03 £	9/87	4.8	107⅝	108⅝	0	1.37
Fujitsu 3 99 DM	5/84	1106.	215⅛	216⅝	-3⅛	-2.81
Land Secs. 6¼ 02 £	9/88	6.72	93⅛	94⅛	-0⅛	13.41
MCA INC 5½ 02 US	9/87	69.62	93	94	0	18.08
Minolta Camera 2¼ 94DM	2/86	1084.	113⅛	114⅛	-2⅛	4.18
Mitsubishi Bk. 1¼ 02 US	9/87	3157.	119⅛	121⅛	-1⅛	7.17
Nikkei Invst 2 01 US	10/86	1903.	126	127	-1⅛	3.06
Next Plc 5¼ 03 £	11/87	4.3	97⅝	98⅝	-0⅛	191.73
Nihon Nipp.Bk. 2⅞ 03 US	4/88	804.	117⅞	118⅞	-0⅛	5.73
Omron Tateisi 2⅞ 02 US	4/87	1310.	233⅛	234⅛	-3⅛	-3.51
Ranks Hovis 4⅞ 03 £	1/88	3.5	114	115	-1	3.29
Redland 7⅛ 02 £	1/87	5.4	99½	100⅛	-0⅛	4.45
Saatchi&Saatchi 6¼ 03 £	10/89	4.41	91⅛	92⅛	-0⅛	50.67
Sumitomo Bank 3⅛ 04 US	2/89	4296.	88⅛	89⅛	-0⅛	14.32
Texas Inst. 2⅞ 02 US	9/87	82.87	73⅛	74⅛	-0⅛	51.43
W.R. Grace 6⅛ 02 US	9/87	42.12	91⅛	92⅛	-0⅛	23.53

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Bank Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; Bank of Tokyo International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; LTCB International; Robert Flemming & Co; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Sanwa International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; Swiss Bank Corporation; UBS-Phillips & Drew; S.G. Warburg Securities; Wood Gundy

INTERNATIONAL CAPITAL MARKETS

Fuji Bank plans global share issue

By David Lascelles, Banking Editor

FUJI BANK, Japan's third largest, yesterday announced an international share issue and e total of SFr800m in convertible bonds as part of a big capital-raising programme.

The share issue, which Fuji claimed was the first of its kind by a Japanese bank, consists of 10m shares which will be offered to investors outside Japan, other than in the US.

The shares will be priced at a discount of 3.5 per cent from their closing price in Tokyo on April 28. The issue is being lead managed by Yamaichi International (Europe).

Mr Toru Kusukawa, Fuji's deputy president, said the combined issues, which will raise a total of about Y100bn, were part of Fuji's drive to build up its capital in anticipation of the new international regulations which come fully into force at the end of 1992.

He said Fuji's capital ratio on March 31 was about 10 per cent based on the interim formula adopted by the Japanese authorities, but it would be lower under the final rules. The rules set a minimum of 8 per cent.

Fuji was confident that it would meet the new requirements, Mr Kusukawa said.

Fuji's move is expected to be followed by other leading Japanese banks, most of which have also listed their shares in Europe in recent years and are in need of capital infusions.

The issue follows the listing last year by Fuji of its shares on the London and Paris markets, and growing interest among European investors in its stock, according to Mr Kusukawa.

The convertible bond issue is a combined private placement of SFr500m of bonds and a public offering of SFr300m. The issue will be priced at 100 with a yield to be determined at a future meeting of the bank's board.

The bonds will be convertible et 105 per cent of the shares' closing price on April 28, between June 1 this year and September 22 1993. The public placement is being managed by SBC, Crédit Suisse, UBS and Fuji Bank (Schweiz).

Last night, Fuji's shares closed at Y3,350, giving the issue a potential valne of Y33bn.

Fuji is not making any formal profit forecast in connection with its share issue. But Mr Kusukawa said the 1988-89 result would be above the Y160bn forecast made at the time of a domestic rights issue last year.

NYSE to consider trading after hours

By Janet Bush

THE New York Stock Exchange is considering trading stocks electronically outside floor trading hours bnt has no concrete plans at this stage, according to officials.

They said the exchange would discoss possibilities with a range of members and customers in the next month to see if there would be any demand for 24-hour trading.

Futures exchanges such as the Philadelphia Stock Exchange and the Chicago Board of Trade have already run evening sessions in an attempt to capture overseas business.

In January, Philadelphia introdnced an early Friday morning session starting at 4.30am, *supplementing* a four-hour evening session.

The board has been running an evening session for 18 months and is also considering an early morning opening.

These trends not only reflect the increased interdependence of US and overseas markets bnt also a need among exchanges to find more sources of revenne because of the sharp decline in trading volume since the October 1987 stock market crash.

A number of steps have also been taken towards electronic, as opposed to floor, trading. The board is planning an electronic anction system called the Aurora, and the Chicago Mercantile Exchange has developed an electronic order matching system with Reuters Holdings called Globex.

Representatives from both Chicago exchanges had discussions with Mr John Phelan, NYSE chairman, last week about their new systems.

Mr Richard Grasso, NYSE chief operating officer, said it would be six to 24 months hefore any plans were sketched oot.

He said: "To the extent that a customer has a need in the off-hours, this institution has a commitment to meet that need."

The largest potential stumbling block to setting op an electronic system off the floor may be opposition from specialists.

Frankfurt kept in check by concern over inflation

By Katharine Campbell in London and Janet Buah in Naw York

MR Theo Waigel, the new German Finance Minister, was sufficiently confident to inject a little unaccustomed humour into the withholding tax debate yesterday, hy joking – in a reference to a newspaper cartoon rendering of the unpopular tax – that the monster would not be around much longer.

Optimism that the recently imposed 10 per cent deduction will indeed be repealed contributed a positiva tone to a quiet market in Frankfurt, although concerns about possibly poor domestic inflation data expected during the week, as well as some currency weaknese against the dollar, pnt a lid on too much upward progress.

GOVERNMENT BONDS

At the fixings in Frankfurt, the 7 per cent 10-year federal bond was priced 25 pfennigs up on Friday's fix, at 101.40 to yield 6.80 per cent, a 4 basis point improvement in yield.

On a quiet day on the London futures exchange, the 10-year bund June contract finished at a level of 94.34 compared with 94.50 on Friday.

THE withholding tax effect has meant that the yield spread of Dutch bonds against comparable German paper has widened to around 25 basis points, which encouraged some switching out of bunds into Dutch stock.

The Dutch market is also slightly depressed by supply concerns. Terms on the new 7 per cent 10-year state loan will he announced today. Dealers expect a fairly small issue amountiog to around Fl 2bn, priced under par with a yield of around 7.08 per cent.

THE French market opened stronger with moderate activity, helped by firmness in the French franc. The tap stock 8¼ per cent due 1999 was quoted at around 95.87, which represented an increase of 30 centimes on Friday's closing prices. But the prospect of important Freoch and US statistics later in the week ensured most players stayed out of the market.

The official close on Matif, the futures exchange, was 106.52 compared with 106.46 in late trading on Friday.

UK gilt-edged securities dealers are largely sitting on their hands in anticipation of Wednesday's current account figures for March.

The market is not expecting much change on the £1.7bn deficit for February. At the eame time, these sorts of figures would probably not provoke a base rate increase – particularly giveo the political pressures of forthcoming local authority elections.

Gilts opened between ¼ to ¼ of a point firmer, as a result of a little overnight buying, together with some short covering *in* advance of Wednesday. There was little movement during the day, with cash prices closing roughly $\frac{3}{16}$ of a point firmer.

US Treasury honds started the week quietly yesterday, trading in a narrow range ahead of a string of economic releases starting with today's March durable goods orders.

In late trading, prices were quoted around $\frac{1}{32}$ point lower at the short end of the yield curve and as much as $\frac{1}{16}$ point higher at the long end.

The Treasury's benchmark long bond was quoted unchanged for a yield of 8.98 per cent.

Durable goods orders declined 3.6 per cent in February and a 1.2 per cent gain is the consensus forecast for March. Tomorrow sees the release of preliminary first-quarter figures for GNP aloog with the usual inflation measuremeots.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-08	+9/32	11.23	11.02	10.89
		9.750	1/98	96-08	+2/32	10.41	10.25	10.04
		8.000	10/08	96-18	+6/32	8.39	9.29	9.10
US TREASURY *		8.875	2/99	98-07	-1/32	9.15	8.24	8.44
		9.000	2/18	98-27	-	8.98	8.06	8.22
JAPAN	No 111	4.600	6/98	95.5366	-0.265	5.32	5.21	5.08
	No 2	5.700	3/07	105.8146	-0.199	5.06	5.01	5.02
GERMANY		0.375	11/98	98.9000	-0.100	6.82	0.91	6.94
FRANCE	BTAN	8.000	1/94	96.3239	-0.017	8.97	8.93	8.20
	OAT	8.125	5/99	95.7450	+0.160	8.77	8.83	8.03
CANADA *		10.250	12/98	100.1500	-0.225	10.21	10.37	10.64
NETHERLANDS		0.7500	10/98	97.7250	-0.100	7.08	7.06	7.09
AUSTRALIA		12.000	7/99	92.2902	+0.131	13.39	13.65	13.83

London closing, *denotes New York closing

Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

New executive to head LIT's European drive

By Katharine Campbell

LIT Holdings, the acquisitive transatlantic financial services group, announced yesterday the appointment of Mr G.H. Chamberlain as executive director of LIT and chairman and chief exective of LIT Europe, the futures and securities broking subsidiary, with effect from May 2.

Mr Chamberlain, who until last year headed the equities and derivatives products division of Shearson Lehman Hutton in London, will also be responsible for improving the group's performance in Europe in the run up to the creation of a single market-place in 1992.

LIT's operations include investment management, corporate finance, and personal financial management.

LIT Europe, currently dwarfed by the profitable LIT America active on the Chicago derivatives markets, is nevertheless a large clearer of locals business on the London commodities markets.

Its activities on the London Traded Options Market, through LIT Securities, have been limited, although the operation is keen to expand its institutional client base, helping to dispel memories of Bailey Shatkin, the private client options hroker subsumed by LIT last year.

Mr Chamberlain has been chairman of LTOM since 1987, and his experience in equities derivatives will be valuable in expanding the securities side of LIT's operations.

Spanish bourses come on line

By Peter Bruce in Madrid

SPAIN'S four stock exchanges took their first hesitant steps towards a radical reform of the country's capital markets yesterday by introducing continuous computerised trading for the first time.

An inevitable computer failure in the morning took some shine off the proceedings hut four of the five stocks chosen to start the Canadian-designed Cats (computer-assisted trading ayatem) made healthy gains.

The selected issues included Motor Iberica, Nissan's Spanish affiliate, Altos Hornos, the recently recovered steelmaker, and Papelara Espanola, the paper group.

Brokers in the four markets – *Madrid, Barcelona, Valencia* and Bilbao – reported some confusion initially but most were pleased with the easy access they had to trading information.

At the moment, Spanish shares are traded in 10-minute lots. Share prices vary between the markets and there are fears that arbitrage between the markets under Cats is also likely to suffer.

The Bilbao market in particular fears it may lose ont as market making under continuous trading might tend to concentrate on Madrid. Brokers in Bilbao have threatened to boycott Cats next month in protest et what they see as the marginalisation of their bourse.

The fact that leading Basque banks have begun to take positions in Madrid-based brokerages ahead of the total market reform planned for July 29 has not helped ease these fears.

The full introduction of Cats will also bring an end to most after-hours trading in Spain and as the system functions from 9am to 5pm final market indices will be published much later in the day.

At present, the five continnously traded stocks represent around 2.4 per cent of the Madrid market but it is planned to add new shares gradually until they are all on the system.

First Boston to axe 200 jobs

By Janet Bush

FIRST BOSTON, the Wall Street investment bank, yesterday announced it was cutting 200 jobs across the company, reflecting difficult conditions in the securities business.

Mr William Mayer, president and chief executive officer of First Boston Corp, the New York arm of the CS First Boston group, said the company was trying to be realistic about the market environment. The US operation has shed about 1,000 jobs since the October 1987 stock market crash.

Mr Mayer said the job losses were purely a reflection of trading conditions and were not related to the restructuring of the group as a whole, which was completed last December. He reaffirmed in an internal memorandum to employees that First Boston remained committed to all sectors of its business.

Most leading Wall Street investment banks have been trimming back staff in response to difficult trading conditions in securities markets.

First Boston also announced that Mr Michael Goldberg had joined as co-head of its mergers and acquisitions department. He will run the section from June 1, with Mr Robert Cotter and Mr Michael Koeneke.

Mr Goldberg is currently a partner with Skadden, Arps, Slate, Meagher & Flom, a leading New York firm of attorneys in the mergers and acquisitions field.

● Some former employees of L.F. Rothschild, the troubled Wall Street investment bank, have filed a class action suit against the company alleging unfair dismissal under the new Federal plant closing law.

The suit alleges the company failed to give the necessary 60 days' notice required under the new law, passed last year and effective in February, before firing 250 to 300 employees in its mortgage-backed and corporate hond areas last month.

Belgian Government studies Ecu issues

THE Belgian Finance Ministry is considering the issue of short-term Treasury certificates in ECUs later this year, hut technical details are yet to be studied, a ministry official said, Renter reports from Brussels.

He said the move was being considered partly to improve the management of public deht, but also as an element in the government's drive to promote Brussels as a financial centre. The ministry was looking at the example set by the British Treasury's Ecu issue of one-, three- and six-month Treasury hills.

The first auction of a new long-term Belgian franc instrumeot, a fungible bond, is to he held on May 25. Uoder the system, a single bood issue with fixed terms for maturity and coupon is auctioned at regular intervals.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday April 24 1989: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Fri Apr 21: Index No.	Thu Apr 20: Index No.	Wed Apr 19: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (207)	923.16	—	10.79	4.14	11.39	9.88	923.19	922.82	941.08	752.65
2	Building Materials (29)	1153.78	+0.2	11.03	4.22	10.39	9.68	1151.48	1157.56	1182.77	1009.64
3	Contracting, Construction (38)	1668.18	+0.4	13.12	4.18	9.96	25.93	1662.38	1671.02	1702.86	1583.71
4	Electricals (10)	2725.50	+0.8	8.69	4.45	14.83	25.01	2704.48	2700.77	2740.32	1983.72
5	Electronics (30)	2091.51	-0.1	9.08	3.20	14.27	12.86	2093.97	2067.01	2120.62	1534.14
6	Mechanical Engineering (54)	494.02	-0.2	10.56	4.12	11.61	6.73	495.23	496.39	505.80	391.18
8	Metals and Metal Forming (7)	533.41	—	14.39	5.61	7.86	0.00	533.53	532.62	541.74	444.42
9	Motors (17)	305.44	-0.4	12.87	4.97	9.68	5.78	306.66	306.99	311.67	269.96
10	Other Industrial Materials (22)	1550.81	-0.1	9.34	4.36	12.76	21.63	1551.01	1556.93	1579.03	1234.41
21	CONSUMER GROUP (186)	1179.11	+0.2	9.10	5.71	13.78	8.08	1177.15	1179.36	1189.05	1051.79
22	Brewers and Distillers (22)	1286.41	+0.1	10.04	3.56	12.60	9.88	1284.81	1289.77	1297.60	1065.48
25	Food Manufacturing (20)	1016.64	-0.4	9.85	4.86	12.79	11.32	1028.42	1025.65	1028.82	864.57
26	Food Retailing (15)	2131.35	+1.7	8.75	3.37	15.05	14.57	2094.86	2079.08	2073.56	2102.13
27	Health and Household (14)	2272.83	-0.2	6.28	2.57	18.20	9.08	2278.34	2273.72	2303.02	1763.76
29	Leisure (33)	1573.96	+0.1	7.71	3.44	16.30	14.64	1572.06	1588.15	1598.31	1272.14
31	Packaging & Paper (16)	563.40	+0.2	10.22	4.27	11.92	6.99	562.48	562.57	568.72	483.61
52	Publishing & Printing (18)	3466.81	-0.1	9.45	4.66	13.26	32.54	3471.28	3491.39	3563.33	3265.99
34	Stores (33)	762.60	+0.3	11.45	4.65	11.44	1.83	760.70	764.62	770.79	832.38
55	Textiles (15)	521.85	+0.3	11.93	5.43	10.10	0.60	520.21	520.27	525.44	583.10
40	OTHER GROUPS (94)	1050.41	+0.1	10.30	4.30	11.84	8.71	1049.39	1052.38	1067.00	859.29
41	Agencies (18)	1254.27	+0.7	8.47	2.72	15.18	13.24	1245.69	1254.31	1265.78	1139.15
42	Chemicals (22)	1195.41	+0.1	11.17	4.93	10.76	21.34	1194.25	1196.21	1206.15	984.31
45	Conglomerates (11)	1515.03	+0.6	10.09	4.85	11.46	5.17	1505.70	1516.19	1538.72	1143.27
45	Transport (13)	2360.26	+0.1	8.44	5.65	15.23	20.16	2356.86	2368.44	2413.32	1875.99
47	Telephone Networks (2)	1085.33	-0.3	10.82	4.33	12.02	0.00	1089.00	1089.98	1118.47	943.28
48	Miscellaneous (28)	1435.93	—	10.86	4.12	10.47	21.21	1434.66	1438.55	1457.50	1117.09
49	INDUSTRIAL GROUP (487)	1096.27	+0.1	9.91	4.00	12.48	9.08	1095.18	1096.83	1111.09	932.05
51	Oil & Gas (13)	2005.81	+0.2	9.93	5.54	12.93	41.32	2000.14	1995.74	2044.17	1823.96
59	500 SHARE INDEX (500)	1173.13	+0.1	9.91	4.20	12.54	11.69	1171.74	1172.93	1186.84	1087.30
61	FINANCIAL GROUP (123)	724.86	-0.1	-	5.31	-	13.90	724.79	727.37	732.99	663.93
62	Banks (8)	708.15	-0.1	25.15	6.72	5.22	20.35	709.12	709.81	721.66	614.88
65	Insurance (Life) (8)	1038.07	-0.5	-	5.75	-	29.35	1043.35	1046.61	1042.25	973.99
66	Insurance (Composite) (7)	578.32	—	-	5.96	-	13.65	578.63	576.57	576.45	534.66
67	Insurance (Brokers) (7)	932.45	+0.1	9.02	6.76	14.78	26.01	931.72	931.83	936.33	888.19
68	Merchant Banks (11)	332.14	—	-	4.51	-	3.63	332.14	334.87	336.58	346.57
69	Property (52)	1291.42	—	5.94	2.78	21.36	4.54	1291.14	1307.68	1317.66	1150.68
70	Other Financial (30)	367.43	—	10.03	5.71	12.54	4.83	367.32	367.87	369.36	387.83
71	Investment Trusts (73)	1096.60	—	-	2.86	-	7.08	1096.93	1098.30	1103.91	865.15
81	Mining Finance (2)	637.59	-1.3	9.09	5.99	12.15	10.45	646.29	648.03	654.35	459.70
91	Overseas Traders (8)	1372.02	+0.5	9.78	5.06	11.94	15.93	1364.82	1376.89	1396.06	1033.28
99	ALL-SHARE INDEX (706)	1063.66	+0.1	-	4.32	-	12.05	1063.01	1064.62	1076.35	916.25

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Year ago
FT-SE 100 SHARE INDEX‡	2062.8	+1.0	2071.5	2061.8	2061.0	2064.4	2087.0	2074.4	2054.7	1777.6

FIXED INTEREST

	PRICE INDICES	Mon Apr 24	Day's change %	Fri Apr 21	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	117.31	+0.15	117.14	-	5.93
2	5-15 years	132.09	+0.14	131.91	-	4.48
3	Over 15 years	143.57	+0.16	143.35	-	5.33
4	Irredeemables	171.11	+0.52	170.22	-	1.51
5	All stocks	130.08	+0.15	129.89	-	4.44
	Index-Linked					
6	5 years	132.29	—	132.28	-	1.36
7	Over 5 years	131.64	—	131.64	-	1.28
8	All stocks	151.56	—	151.56	-	1.27
9	Debentures & Loans	114.47	+0.01	114.46	—	3.29
10	Preference	88.54	+0.09	88.46	-	2.01

	AVERAGE GROSS REDEMPTION YIELDS		Mon Apr 24	Fri Apr 21	Year ago (approx.)
	British Government				
1	Low	5 years	9.87	9.86	8.77
2	Coupons	15 years	9.31	9.33	9.19
3		25 years	9.11	9.14	9.06
4	Medium	5 years	10.87	10.91	9.25
5	Coupons	15 years	9.76	9.78	9.40
6		25 years	9.38	9.32	9.23
7	High	5 years	10.98	11.02	9.33
8	Coupons	15 years	9.98	9.99	9.53
9		25 years	9.48	9.48	9.28
10	Irredeemables		9.08	9.13	9.03
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.87	3.86	2.46
12	Inflation rate 5%	Over 5 yrs.	3.66	3.65	3.81
13	Inflation rate 10%	5yrs.	2.90	2.89	1.50
14	Inflation rate 10%	Over 5 yrs.	5.48	3.48	3.64
15	Debs &	5 years	11.90	11.98	10.74
16	Loans	15 years	11.32	11.33	18.55
17		25 years	11.32	11.32	10.55
18	Preference		10.24	10.25	9.92

‡Opening index 2065.9; 10 am 2070.7; 11 am 2069.9; Noon 2067.2; 1 pm 2067.3; 2 pm 2064.5; 3 pm 2062.8; 4 pm 2063.9; 4.05 pm 2063.6 (a) 10 52am (b) 4.38pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

CORRECTED FIGURES 21/4/89. FT-SE 100 SHARE INDEX close should read 2061.0 -3.4.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	88	8	12
Corporations, Dominion and Foreign Bonds	9	1	34
Industrials	433	283	859
Financial and Properties	138	104	416
Oils	26	16	55
Plantations	1	2	9
Mines	50	36	95
Others	100	37	116
Totals	845	487	1,596

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§57	F.P.	-	71	60	‡Amberley Group 2½p	63		b1.5	3.4	3.2	11.6
†	F.P.	-	35	29	‡CCS Group 20p	29		L0.45	1.6	2.1	41.1
§50	F.P.	-	49	47	CST Emerging Asia Tst 10p	47	-1	-	-	-	-
-	F.P.	-	19	8	Do Warrants	19	+1	-	-	-	-
§135	F.P.	28/4	143	133	‡Davenport Vernon 10p	138	-2	u5.25	2.4	5.1	8.3
£100	F.P.	-	107½	100	Fleming High Inc. Inv	107½	+½	6.25	-	6.5	-
§100	F.P.	-	123	115	‡Green (J.)	120	+2	12.9	2.9	3.2	14.4
-	F.P.	-	71	33	Greenfriar Inv Wrts	71		-	-	-	-
†	F.P.	-	33½	32½	Hewlett-Packard	33½		Q34c	-	0.6	-
§175	F.P.	-	175	173	‡Hiby Hldgs. 10p	175		13.6	2.7	2.7	16.0
§47	F.P.	-	49	40	‡Malaya Group 10p	45		b2.0	3.7	5.9	6.1
†	F.P.	-	600	586	Nova Corp of Alberta NPV	593	+7	Q42	-	3.4	-
††	F.P.	-	101	95	‡PDS Group	101	-1	-	-	-	-
§100	F.P.	-	108	100½	‡Porth Group 5p	103		R4.5	1.8	5.8	11.3
†	F.P.	-	300	200	‡Property Co of London 50p	250	-5	-	-	-	-
§52	F.P.	19/4	78	52	‡[illegible] 5p	67	-1	R2.0	2.4	4.0	11.8
125	F.P.	-	136	125	Try Group	130		L5.0	2.1	5.1	12.5
§38	F.P.	-	40	37	‡Victoria Hldgs 5p	39		-	-	-	-
§185	F.P.	-	215	195	Wood (Graham)	213		R7.7	2.6	4.8	7.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
106.46	F.P.	-	106¼	105¼	Brit. Assets Tst. Ind-Linked 2005	105¼	
110p	F.P.	-	112p	100p	Brown & Jackson 10¼pc Cv. Cm Pf.	110p	+1
101½p	F.P.	-	101¾p	99¾p	C.H. Industrial 9¾pc Cm. Rd. Pf. £1	99¾	
101p	F.P.	-	103¾p	101½p	Eng. & Int. I. Tst. 8¾pc Cm. Pf	101½p	
♦	pd/pd	5/5	310p	267p	Enterprise Fin. '89 Units Var. Call	295p	-2
100	F.P.	-	109½	104½	First Scot. American 11½pc Db 2016	105½	+½
100p	F.P.	-	99¼	95½	Greenall Whitley 10pc Deb 2014	95¼	
♦	Nil	-	7pm	4pm	[illegible] 8.5pc [illegible] Cv Pf 2006	4pm	-1
103.57	F.P.	-	103½	99½	LETINVEST 10¼-11¼pc Stepd Db 2012	99½	
-	F.P.	-	100	99¾	Norwich Anglia 12¾pc 19.3.90	99¾	
-	F.P.	-	100	100	Do 13¾pc 23.4.90	100	
§99.1	£25	-	28¼	25	Do 4.25pc Index-Linked 2024	28¼	
100p	F.P.	-	121p	105p	[illegible] Grp. 8.5c (Net) Cv Cm Rd Pf	121p	
92.52	£30	-	30½	26½	Taylor Woodrow 9¼pc 1st Mtg Db 2014	26½	
97.10	£30	4/5	30¼	26½	Tops Ests. 10¾pc 1st Mtg Db 2011/16	26¼	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
b72	Nil	-	10pm	6½pm	[illegible] Irish Bank	6½pm	
30	Nil	-	25pm	16pm	[illegible] Fidelity 10p	25pm	
9	Nil	-	2¼pm	1½pm	Bear Brand	1½pm	-¼
10	Nil	-	6pm	7pm	[illegible] Mines 10p	7pm	
80	Nil	-	16½pm	4pm	[illegible] Petroleum & Nat. Res 10p	9pm	+1
270	Nil	-	36pm	25pm	Devenish J.A. 25p	24pm	
275	Nil	-	54pm	41pm	EIS Group	54pm	+3
365	Nil	-	43pm	32pm	[illegible] & Harvey	43pm	
550	Nil	-	79pm	62pm	Western Motor	79pm	+2

a Annualised dividend b Figures based on prospectus estimates d Dividend rate paid or payable on part of capital, cover based on dividend on full capital g Assumed dividend and yield h Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Dividend and yield based on Prospectus or other official estimates for 1988 Q Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures ¥ Issued by tender ♦ Offered to holders of ordinary shares as a "rights". † Introduction §Placing price †† Reintroduction ‡ Issued in connection with reorganisation merger or takeover ‖ Allotment price ‡ Unlisted securities market ♦ Official London listing □ Including warrants entitlement * Third Market.

TRADITIONAL OPTIONS

● First Dealings Apr 24
● Last Dealings May 12
● Last Declarations Jul 27
● For settlement Aug 7

For rate indications see end of London Share Service

Calls in Song, Avis Europe, Johnson Matthey, Vista, Floyd, Raglan, Premier, Tootal, Bula, Atlantic, Saatchi & Saatchi, Southend Props. Puts MBS. P/C Arebec.

LONDON TRADED OPTIONS

TURNOVER in the London Traded Options Market yesterday reached the exceptionally low total of 18,748 contracts – ebout half that which might be considered a fair size by any recent standard. The background to the slackness of activity ley by general market agreement in the approach of publication of the UK overseas trade figures for March, due out tomorrow.

A slightly lower turnover than yesterday's was seen on December 28, during the Christmas and New Year holiday lapse in activity. The overall business was split into 11,895 call contracts and 6,853 put, as the FT-SE 100 index itself gained 1.0 per cent on balance to 2,062.0.

Business in the index options contract was in tune with general money market conditions, amounting to 4,220 contracts comprised in 2,640 calls and 1,580 puts. The most actively traded of the index options series was the April 2100 call, which saw 1,271 contracts, and en opening of interest in it of 912 contracts to 3,324. There was an opening of position of 377 contracts to 1,724 contracts in the June 2,050 calls.

TSB perhaps expressed best the mood of the market. It was the most heavily traded individual stock, on 1,499 contracts, consisting of 899 calls and 600 puts, though the underlying share price of the stock was unchanged on belanca, et 107p. One major house appeared to handle a set of dealings, aimed at the idea of the underlying share price holding sufficiently steady to allow retainment of premium. Some 252 contracts overall in the September 110 calls saw a closing of interest of 95 contracts to 387, while 516 contracts in the September 120 calls brought an opening of 191 to 1,114, as the September 130 calls attracted an opening of position of 120 contracts to 1,347.

Plessey saw 1,307 contracts, made up of 876 calls and 631 puts. Cadbury also attracted some attention, on 1,179 contracts, consisting of 1,079 calls and 100 puts.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allid Lyons (*439)	420	29	44	52	12	16	19
	460	11½	24	31	36	39	43
Brit. Airways (*188)	160	31	35	-	1½	3	-
	180	14	19	24	6	9	12
	200	5	11	15	21	22	24
Brit Com (*201)	200	11	18	22	11	14	15
	220	4	9	13	26	28	30
	240	2	5	-	46	46	-
Beecham (*628)	600	50	73	90	21	27	32
	650	28	47	63	47	53	58
Boots (*280)	260	26	35	41	6	8	11
	280	13	24	30	14	18	22
B.P. (*283)	280	19	24	33	7½	12	13
	300	9	14½	22	19	22	26
British Steel (*83)	70	14½	15	19	1¼	3½	5
	80	3¼	8¼	13	6¼	8¼	9½
	90	1¼	4½	8½	14	15	16½
Bass (*918)	900	57	90	100	23	30	40
	950	30	60	77	50	55	57
C & Wire (*492)	420	85	100	113	3	8	11
	460	51	68	83	11	15	22
	500	28	46	58	27	32	37
Cons Gold (*1285)	1250	120	145	160	60	70	85
	1300	90	115	140	80	100	120
	1350	70	95	100	110	135	165
Courtaulds (*315)	280	39	45	52	5	8	10
	300	22	32	39	11	14	16
	330	7	17	24	27	30	32
Com. Union (*373)	330	56	-	-	2	-	-
	360	32	36	48	8	14	16
	390	13	22	32	22	30	30
G.K.N. (*364)	360	27	36	48	13	18	20
	390	13	22	32	29	31	36
Grand Met. (*557)	500	74	85	100	4½	8	9½
	550	35	49	67	18	22	26
	600	14	25	-	47	50	-
I C I (*1176)	1100	115	135	-	14	28	-
	1150	80	100	135	30	47	50
	1200	50	72	107	55	70	74
Jaguar (*299)	280	32	42	52	7	13	13
	300	19	30	40	14	21	24
Kingfisher (*290)	280	18	26	34	10	12	15
	300	9	14	23	22	25	27
Ladbroke (*550)	550	26	46	54	24	30	34
	600	9	23	-	61	62	-
Land Secur (*553)	550	24	42	55	18	23	30
	600	7	20	30	58	58	60
M & S (*162)	160	8½	14	18	6	8	9
	180	2	6½	8½	23	24	25
STC (*311)	280	45	52	63	6	8	11
	300	29	40	51	12	14	18
	330	13	23	33	26	29	31
Sainsbury (*235)	220	20	29	36	4	6	7
	240	9	16	23	14	16	17
Shell Trans (*405)	360	-	66	74	-	5	6
	390	31	36	52	8	13	15
	420	13	22	33	21	26	27
Storehouse (*169)	140	13	34	38	2½	4	5
	160	16	20	25	9	12	13
	180	7	11	15	22	25	26
Trafalgar (*376)	360	25	40	46	12	17	21
	390	11	22	28	28	32	38
Utd Biscuits (*322)	300	28	41	47	8	11	13
	330	12	23	30	23	24	27
	360	5	12	-	47	48	-
Unilever (*539)	500	55	75	88	5	9	12
	550	24	41	56	24	27	31
Ultramar (*310)	300	31	42	54	15	20	28
	330	15	27	36	32	36	40

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*555)	500	58	81	98	2½	12	20
	550	21	45	66	15	28	41
	600	5	23	42	52	57	68
BAA (*369)	330	42	49	66	1½	7	9
	360	16	29	44	6	15	19
	390	3	13	25	23	30	33
BAT Inds (*535)	500	40	63	75	3½	10	16
	550	9	31	46	23	30	38
	600	1½	13	25	67	69	72
BTR (*362)	330	34	47	55	1	3½	8
	360	11	26	35	7	12	17
	390	1½	12	20	29	30	33
Brit. Telecom (*263)	240	24	30	-	1	3½	-
	260	7	14	22	3	11	12
	280	2	5½	12	18	22	25
Cadbury Sch (*342)	300	44	55	-	½	2½	-
	330	16	31	41	2½	9	12
	360	3	16	24	23	23	26
Guinness (*452)	420	36	54	68	2	7	13
	460	11	28	42	16	22	26
	500	3	14	26	48	50	52
GEC (*232)	220	-	22	30	-	7	12
	240	-	11	18	-	17	20
Hanson (*185)	180	8	13	20	2	6	7½
	200	1	4½	10	16	18½	19½
LASMO (*451)	403	53	68	80	2½	10	18
	441	22	43	55	15	27	30
	479	4	25	38	40	50	53
P. & O. (*657)	600	62	87	-	2	7	-
	650	23	52	67	12	20	26
	700	4	25	45	45	47	52
Pilkington (*242)	220	24	29	37	1½	7	8
	240	9	17	26	6	15	17
	260	2½	9	17	20	27	28
Plessey (*261)	240	25	31½	36	2	5½	7
	260	11	15	22	7	10	12
	280	4½	7	12	21	23	24
Prudential (*175)	160	18	23	27	1	3½	6
	180	4½	11	15	7	11	14
	200	1½	4	7	25	26	27
Racal (*397)	360	41	52	68	2	9	12
	390	18	33	49	9	17	22
	420	3	18	31	27	35	39
R.T.Z. (*515)	460	60	73	-	1	7	-
	500	25	45	63	8	18	27
	550	4	18	30	39	44	53
Scot. & New (*286)	280	14	25	33	5	12	15
	300	5	16	22	17	26	28
Tesco (*169)	140	30	36	40	1	2	3
	160	10	17	24	2	5	7
	180	2	6	10	14	15	16

Option		Calls May	Calls Sep	Calls Dec	Puts May	Puts Sep	Puts Dec
Vaal Reefs (*82)	80	6½	10	12	2	4	6
	90	2	4½	6½	9	11	13

Option		Calls Jan	Calls Sep	Calls Dec	Puts Jan	Puts Sep	Puts Dec
Amstrad (*122)	120	11	17	20	6	8	11
	130	6	12	17	12	14	15
	140	3½	9	12	19	21	21
Barclays (*434)	390	54	66	-	1½	4	-
	420	28	42	50	6	13	15
	460	6	18	27	28	35	36
Blue Circle (*516)	460	66	84	-	4	9	-
	500	36	54	68	13	20	23
	550	12	28	42	38	44	46
British Gas (*180)	160	24	26	27½	1	3	3½
	180	7½	10½	15	5½	10	12
	200	1½	3	7	21½	24	25
Dixons (*149)	130	24	28	-	2½	6	-
	140	16	21	27	6	9½	12
	160	8	12	18	16	20	22
Glaxo (*1370)	1300	112	164	185	15	25	38
	1350	77	130	152	32	47	57
	1400	47	100	124	57	70	80
Hawker Sidd. (*678)	600	84	103	112	8	20	20
	650	45	70	77	27	32	40
	700	16	47	55	52	59	65
Hillsdown (*260)	240	24	33	-	3½	5	-
	260	11	20	27	11	14	15
	280	4	11	15	26	27	28
Lonrho (*277)	257	31	39	52	6	10	15
	283	15	24	25	17	26	30
	309	7	12	22	37	42	47
Midland Bk (*435)	420	30	42	51	6	15	16
	460	9	20	30	28	36	38
R Royce (*179)	160	23½	32	35	2	4	5
	180	10½	17½	22	8	10	14
	200	3½	8½	12½	23	24	25
Sears (*121)	120	5	10½	13	6½	8½	10½
	130	2½	6½	9	14	16	17
THF (*284)	280	17	25	34	8	12	14
	300	7	15½	123	20	23	24
Thorn EMI (*663)	600	75	82	-	4	8	-
	650	35	45	60	16	24	28
	700	9	23	25	52	60	64
TSB (*107)	100	11	13	16	2	3	4
	110	4	6½	10	5	7½	8
Wellcome (*485)	460	41	60	72	10	16	22
	500	19	37	50	29	35	38
	550	5	-	-	66	-	-

FT-SE INDEX (*2063)

	Calls Apr	Calls May	Calls Jun	Calls Jul	Puts Apr	Puts May	Puts Jun	Puts Jul
1850	214	228	245	-	½	5	7	-
1900	164	180	198	215	½	7	11	15
1950	114	135	155	172	1½	13	17	25
2000	66	92	115	134	4½	20	28	37
2050	25	57	80	100	14	37	46	52
2100	6½	34	55	73	48	62	73	77
2150	1½	18	36	50	93	100	105	108
2200	1	9	20	33	143	145	148	148

April 24 Total Contracts 18,748
Calls 11,895 Puts 6,853
FT-SE Index Calls 2,640 Puts 1580
*Underlying security price.

UK COMPANY NEWS

Threads, clothing, homewares and fabrics make up for loss in office supplies division
Hunted Tootal advances 5% to £42.3m

By Vanessa Houlder

TOOTAL GROUP, the textile company being stalked by Mr Abraham Goldberg, Australian industrialist, yesterday announced a 5 per cent rise in pre-tax profits from £40.29m to £42.29m in the year to January 31.

The figures were at the bottom end of analysts' forecasts. The share price rose 3p to 130p.

The results were held back by difficult market conditions in the fabric division, continued problems with the office supplies business, and the strength of sterling. Without currency movements, the underlying profit growth would have been 13 per cent.

Turnover fell by 2 per cent to £491.55m (£503.8m) following currency movements and the withdrawal from non-core businesses. Turnover of the remaining businesses increased by 6 per cent.

Earnings per share fell from 11.3p to 11p as a result of the increased number of shares following the rights issue last year. The dividend was increased by 8 per cent to 4.85p (4.5p).

The thread division remained the company's biggest earner with profits of £20.98m (£19.10m) on sales slightly reduced at £193.65m (£194.04m).

The clothing and homewares business shrugged off the difficult UK retail environment to increase trading profits by 25 per cent to £6.91m. The company said it had benefited from its enhanced design skills and flexible sourcing.

Mr Geoffrey Maddrell, group chief executive, said the division was expecting further progress this year although the market was difficult and order books were tight.

Profits in the fabric division fell from £10.07m to £8.18m, reflecting a squeeze on margins in the batik business in West Africa, which accounts for about half of the division's sales. Mr Maddrell said that difficult trading conditions were expected to persist this year.

The results were hit by the office supplies division, which went from a profit of £2.02m to a loss of £1.01m. This followed the introduction of new systems and controls which proved more expensive and took longer than expected.

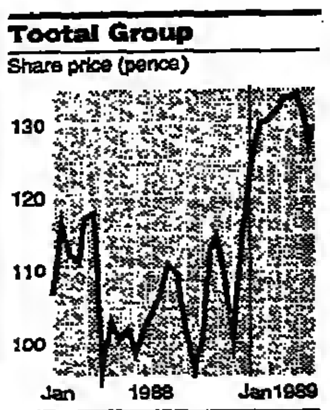
In addition, the business incurred increased costs in anticipation of expansion, which could not materialise until the systems were working. Further costs were incurred in setting up cash and carry outlets on a trial basis. Mr Maddrell said the division expected to return to profit this year.

The reported profit from the specialised materials division declined from £6.87m to £4.89m, as a result of the sale of Codi, which contributed £2m to profits last year.

Capital investment was increased from £15.6m to £20.7m. Interest costs decreased from £8.34m to £6.96m.

Mr Goldberg, who has been buying shares since last Autumn, increased his stake in Tootal to 24 per cent earlier this month. He staged an unsuccessful bid for the company in 1985 and in February he mooted a merger, which was turned down by the Tootal board.

Geoffrey Maddrell: expecting difficult trading to persist



DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Albany Invest Tr ....fin	2.1	June 30	1.65	2.8	2.25
Allied Lndn Prop ....int	1.075	-	0.9	-	2.73
Barlows ....fin	1.5	-	0.75	2.25	0.75
Brit Empire Secs ....int	0.25	-	0.2	-	0.66
British Fittings ....fin	5.25	-	3.469*	8.385	4.5*
Haden MacLellan ....fin	3.5	July 1	1.8	5	2.5
JMN Group § ....fin	nil	-	0.5	nil	0.5
Jonas Group ....fin	7♣	-	6.5	10	8.5
Lowland Invest. ....int	2	-	1.8	-	5.3
Plumb Holdings §....fin	3.25	-	3	5	4.25
Scruttons ☆ ....fin	9	-	4.25	14	6
Tootal Group ....fin	3.05†	-	2.8	4.85	4.5
Ulster TV ....int	2.5	June 27	2	-	4.75
W A Holdings ....fin	0.85‡‡	-	0.8	1.5	1.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ☆Shares traded on a matched bargain basis on Granville's Independent Companies Exchange. ♣Irish pence throughout. ‡‡Special interim of 0.37p payable to accepting shareholders if bid goes through

PUBLIC WORKS LOAN BOARD RATES

Effective April 21

	Quota loans repaid			Non-quota loans A* repaid		
Years	by EPT†	At††	at maturity§	by EPT†	At††	at maturity§
1			12⅝			13⅜
Over 1 up to 2	12½	12½	11⅞	13½	13½	12⅝
Over 2 up to 3	12⅛	12	11½	13⅛	13	12¼
Over 3 up to 4	11¾	11⅝	11¼	12¾	12⅝	12
Over 4 up to 5	11½	11½	11⅛	12½	12½	11⅞
Over 5 up to 6	11⅜	11⅜	11⅛	11⅞	11⅞	11⅝
Over 6 up to 7	11⅜	11¼	11	11⅞	11¾	11½
Over 7 up to 8	11¼	11⅛	10⅞	11¾	11⅝	11⅜
Over 8 up to 9	11⅛	11⅛	10¾	11⅝	11⅝	11¼
Over 9 up to 10	11⅛	11⅛	10½	11⅝	11⅝	11
Over 10 up to 15	11	10½	10	11½	11	10½
Over 15 up to 25	10¼	8⅞	8⅝	10¾	10⅜	10⅛
Over 25	9¾	9⅝	9½	10¼	10⅛	10

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Structure revealed of new UK Goldsmith/Rothschild vehicle

By Philip Coggan

THE STRUCTURE of the new UK acquisition vehicle of Sir James Goldsmith and Mr Jacob Rothschild became slightly clearer yesterday as the details of a scheme of arrangement and rights issue were revealed.

The vehicle, previously referred to as Newco, will be called Anglo Group.

Shareholders in Anglo Leasing, the office equipment leasing group where Sir James' General Oriental Investments recently acquired a 37.4 per cent stake, will be offered shares in Anglo Group on a one-for-one basis under a scheme of arrangement. Anglo Group will retain Anglo Leasing's listing.

Anglo Group will make acquisitions via further new companies (also referred to as Newco) in which Anglo itself will hold stakes of at least 20 per cent and, depending on the company, over 50 per cent. Other investors will be brought in but Anglo will retain management control and will receive a management and administration charge for running the acquired company.

Any new debt needed to finance the acquisition would be assumed by the new companies, rather than Anglo itself.

Anglo does not intend to become a conglomerate.

Companies will be acquired "which would benefit from a more focused definition of their core businesses and an improvement in operating efficiency".

The use of separate acquisition companies will make it easier to sell on or float off the acquired businesses, when appropriate.

The company said that no specific acquisition had been identified and it was possible that shares could be bought in more than one company before a decision was taken on which group should be the immediate acquisition target.

The £50m rights issue of convertible bonds will be used to develop the Anglo Leasing business.

Anglo Leasing will pay a second interim dividend of 3.5p for the year ended March 31 1989.

Parkdale Holdings

Acceptances have been received in respect of 13.1m shares (93.01 per cent) of the 14.1m rights offer shares offered to qualifying shareholders at 80p per share.

Haden MacLellan in £20m recommended bid for WA

By Andrew Hill

HADEN MACLELLAN Holdings, the diversified industrial group headed by Mr Philip Ling, is to widen its distribution network with an all-share recommended offer for WA Holdings, valuing the group at £20.1m.

Haden also unveiled pre-tax profits of £11.1m for the 12 months to December 31, the first full year since Mr Ling reversed two private companies into P & W MacLellan and started expanding by acquisition. Earnings nearly doubled from 7.7p per share in 1987, to 15.1p last year.

The group is offering nine new Haden shares for every 40 held in WA, which distributes a wide range of industrial products, plastics and nursery products. Another of WA's subsidiaries organises and manages conferences, but Mr Ling, Haden's chairman, said yesterday that it might not be retained.

"The attraction is the distribution side," he said. "Our distribution companies are centred in the south (of England) — theirs are all towards the Midlands and the north."

The bid, heralded last week, when WA issued a holding announcement, values each WA share at about 51.1p, compared with yesterday's closing price of 49p, up 8p. Haden shares rose 1p to 227p.

Turnover in 1988 reached £179m at Haden MacLellan. The board is recommending a final dividend of 3.5p, making 5p for the year — twice the 1987 figure.

The US paint finishing side lost £1.95m as major clients cut back on capital expenditure following the 1987 stock market crash. But Mr Ling said orders had recovered strongly in the second half of the year.

Haden also took the first orders for its Drypure processing system, which treats harmful sludge by-products of paint spraying. The group announced yesterday it would spend up to $950,000 (£557,000) for a 15 per cent stake in Meridian, a US chemical waste treatment company, and a one third stake in a Meridian subsidiary, which will set up and manage a network of regional Drypure processing centres.

WA revealed it had increased profits from £1.6m to £2.06m before tax in the year to January 29, boosted by a £512,000 exceptional profit on property sales. The company recommended a final dividend of 0.85p, making 1.5p (1.2p) for the year. It also intends to pay a special dividend of 0.37p to shareholders accepting the Haden offer.

Turnover rose from £21m to £26m and earnings per share from 3.02p to 4.45p. The group decided to close its M E Mechanical Handling subsidiary and provided £485,000 below the line for the closure, offset by £300,000 received in settlement of a damages claim.

● COMMENT

Haden MacLellan's past does not provide potential investors with many clues as to its future prospects. Comparison with last year's pre-tax profits of £1.9m — which included only two months of the merged group — are meaningless, but now nobody seems to know quite how to assess the expanding company, which makes or distributes products as diverse as stainless steel toilets and, with yesterday's acquisition, pushchairs. If Mr Ling is to be believed, the pioneering Drypure process could eventually contribute as much as the rest of the group put together. That and the spread of the existing business should provide a measure of defence against hiccups like that at the US paint finishing operation last year. Profit forecasts range from £20m to £25m, putting the shares on a prospective multiple of between 9 and 11.5, which straddles the market average — probably one for the more adventurous investor.

COMPANY NEWS IN BRIEF

LOWLAND INVESTMENT's interim results for the six months to March 31 1989 show net asset value at par was 212.5p (168.7p) and 211.2p (168p) at market value.

Pre-tax revenue was £886,817 (£746,293); tax took £226,350 (£209,766) leaving earnings of 2.81p (2.28p) for the 2p (1.6p) interim dividend.

The directors expect to maintain last year's final dividend of 3.7p.

MARKHEATH SECURITIES, the property developer and investor, in conjunction with Adelaide Steamship (UK) has completed the purchase of a 5¼-acre site at Brentford near London's Heathrow airport.

The development, the Fountains Office Park, will comprise 180,000 sq ft with a value on completion of around £50m.

METAMEC JENTIQUE: interim pre-tax profit for six months to end-December 1988 £26,283 (£6,155 loss) for earnings per share of 0.33p (0.08p losses). Loss carried forward £297,000 (£1.9m).

The company said progress had been made in finding acquisitions with intention of regaining listing.

PLUMB HOLDINGS (USM-quoted shopfitter): Turnover for year to end-January £71.8m (£48.9m), pre-tax profit £2.5m (£2.9m), earnings per share 12.4p (14.6p); a second interim of 3.25p has been declared for total of 5p (4.25p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Cosalt, Ensign Tst, Majedie Invs, Regina Health & Beauty, Rosehaugh, St Ives, Shani, Vanbrugh Currency.

Finals- Allied Insurance Brokers, Ashley (Laura), CI Group, Caparo Inds, Conrad, Dencora, Edinburgh Inv Tst, FR Group, Gold & Base Metals Mines, Hawthorn Leslie, Holt (Joseph), Ropner, Sovereign Oil & Gas, Thurgar Bardex, Whatman Reeve Angel, Yule Catto.

FUTURE DATES

Interims-

Baggeridge Brick	May 17
Baltic	Jun. 15
Bradstock	Jun. 15
Circaprint	May 2
Strata Investments	Jun. 16
Williamson Tea	Apr. 26

Finals-

Anglo American	Apr. 27
Boot (Henry)	May 4
British Gas	Jun. 8
Davies & Newman	Apr. 26
Electric & General Inv	Jun. 23
Feedex Agricultural	Apr. 28
Forward	May 3
Landu	Apr. 26
Melville Street Invs	Jun. 19
Mowlem (John)	Apr. 26

Marler Estates faces full bid from Conrad Hldgs

By Paul Cheeseright, Property Correspondent

MARLER ESTATES, the property company best known both for its ownership of football grounds and also for the regularity with which large chunks of its equity changes hands, is on the receiving end of s bid.

Ths market expects that Conrad Holdings will shortly emerge as the new owner of Marler.

Talks about the terms were taking place yesterday.

Trading in Marler's shares was suspended yesterday morning at the company'a request, when ths price was 98p, valuing Marler at £74.3m. Marler said simply that an approach had been received which could lead to a bid for ths whole of the issued share capital.

Conrad, a retail property specialist, television scenery maker and exhibition contractor, is the new vehicle of Mr John Duggan. It has publicly expresssd aspirations to develop as a broadly based property company.

Mr Duggan used to run Phoenix Properties & Finance before it was bought by Mountleigh. He emerged as chief executive of Mountleigh for several highly charged weeks last autumn before one of the property industry's more spectacular boardroom disagreements led to his departure.

Marler has scandalised the West London soccer faithful with its notion that its football grounds – those of Chelsea, Fulham and Queens Park Rangers football clubs – might be more profitahly used for property development.

It made interim profits of £2.5m in the six months to last September. Its last published net asset value was 85.4p a share.

Blocks of its equity have frequently changed hands, leading to bid speculation.

A 28 per cent stake owned by Mr Terry Ramsden's Glen international was bonght in 1987 by Mr David Thompson, co-founder of Hillsdown Holdings, the conglomerate with interests ranging from food to furniture.

Last year he gave an option on the holding to Investa of Norway, but investa failed to win Norwegian regulatory consent for the purchase.

But Mr Thompson was an 18.58 per cent owner of Conrad Holdings and it was the purchase of this stake that was partly instrumental in giving Mr Duggan his effective control of Conrad with 29.43 per cent of the equity.

Other significant shareholders in Marler are Great Pacific Capital, controlled by Mr David McErlain, and Channel Hotels and Properties of Jersey.

Dukeminster to acquire Orchid Lodge for £13.5m

By John Murrell

DUKEMINSTER, the property investor and trader, has conditionally agreed to acquire Orchid Lodge UK, which owns freehold property in London'a Kensington High Street and has net assets worth some £13.5m.

Consideration will be satisfied via the issue of 16.3m new Dukeminster ordinary shares, 18.5 per cent of the enlarged capital, at an effective price of 82.8p per share.

Ths new shares will be issued to Pearl Investment Company, a company domiciled in Bahrain in which the Marzook family of Kuwait has a significant interest.

The commercial and retail slement of the Kensington property comprises 24,500 sq ft of offices, two penthouse apartments and seven shop units. This element is fully let on 25 year leases with five-yearly npward only rent reviews yielding a current rental income of £1.09m per annum with the next rent reviews due in 1992.

The residential element comprises 41 self-contained units, all of which have heen sold on 999-year leases at a peppercorn rent.

Allsop & Co, surveyor and valuer, has valued Orchid Lodge's freehold property at £20.65m. For the eight months to end-March 1989 the company's warranted management accounts showed a pre-tax profit of £176,000 on rental income of £724,000.

Dukeminster, which yesterday announced a 19 per cent increase in pre-tax profits to £3.2m for the 1988 year, obtained a full stock market listing in the summer of 1988. The company is controlled by the Shohet family who came to Europe from Iraq in the early 1970s.

The purchsse of Orchid Lodge is subject to shareholders' approval.

Norcros to expand print packaging division

By John Thornhill

NORCROS, the indnstriel manufacturing gronp, is to expand its print and packaging division through the purchase of two companies, Douglas Labels and Qnornm Technical Services, at a cost of abont £2m.

Mr Michael Doherty, Norcros chief execntive, said the two acquisitions would fit well with existing print and packaging operations and would add further expertise and specialist technology.

Dongiss Labels, based in Leicester, operates in the varisble data label printing market. Qnorum Technical Services, based in Cheltenham, specialises in data conversion and typesetting.

COMPANY NEWS IN BRIEF

J H FENNER: result of the recent rights issue showed that of the 10,451,348 new ordinary shsres provisionally allotted 9,892,857 new shares (spproximately 94.66 per cent) wsre taken up.

FINLAN GROUP subsidiary Witting Brothers (Merchants) has scquired New Range for an initial consideration of £1.5m with further profit-related payments to a £1.3m maximum.

HAMBROS INVESTMENT Trust: offers for the capital and warrants in Hambros investment Trust which it did not already own heve been accepted in respect of 56.4 per cent of the ordinary, 1.3 per cent of the 3.5% preference stock, 5.1 per cent of the 5% preference stock and 74.1 per cent of the warrants.

Acquisitions give British Fittings a boost to £5.6m

BRITISH FITTINGS Group, stockholder and distributor, reported pre-tax profits 92 per cent ahead at £5.59m for 1988, against £2.91m last time. Acquisitions contrihuted £1.14m to the result.

Turnover, including £15.29m (£775,000) from acquisitions, pushed ahead by 67 per cent to £59.46m (£35.68m).

There was an exceptional credit of £574,000, and, after tax of £1.74m (£1.05m), fully diluted earnings rose to 20.34p (14.54p) per 20p share. The directors have recommended an improved final dividend of 5.25p (3.469p) making a total of 6.385p (4.5p).

The purchase of property and new companies had required the group to increase the facilities from its bankers. But the group anticipated that, following receipt of further property disposal proceeds, the facility would rapidly reduce in the second half from the present high level.

The distribution division had started the current year well, said the group, while the order books remained strongin the high pressure water equipment division. Should the trend continue, further progress in profitability was anticipated.

The group said it was committed to expansion in the US and was currently examining a variety of propositions in Europe.

Allied London tops £5m

ALLIED LONDON Properties achieved pre-tax profit up from £3.46m to £5.52m for the six months ended December 31 1988 on rental income up from £4.27m to £5.1m.

The pre-tax profit also included other income of £1.7m (£439,000), and was achieved after interest payments of £2.53m (£1.92m) and administrative expenses of £2.78m (£2.02m).

An interim dividend of 1.075p (0.9p) is being paid. Earnings per share were shown as 3.62p (3.51p).

Commenting on the results, the company said that, with the proceeds of the issue of new stock, the group was in a strong position to expand its investment and development portfolio.

UK COMPANY NEWS

Ocean Transport in £11m exchange with Nedlloyd

By Clare Pearson

OCEAN TRANSPORT and Trading, the UK distribution group, is exchanging its UK-based European road freight business for certain of the air-freight operations of Nedlloyd, the Dutch shipping and transport group.

The move forms part of a complicated series of deals designed to help the two companies build on their strengths and shed weak areas.

OT&T and Nedlloyd are also forming airfreight joint ventures in Holland, Belgium and Spain which will be managed by OT&T subsidiary MSAS Cargo International.

In addition, MSAS is also buying Nedlloyd 's airfreight operations in West Germany, France, Singapore and New York, and Nedlloyd is buying Transflash, MSAS's road freight business, for which it has acted as Dutch agent for 23 years.

Nicholas Barber: future in distribution would go to network operations

The total value of the businesses concerned is about £11m. The exchange of shares and net assets in the subsidiaries gives rise to a cash balance of about £1m. It has not yet been decided whether this will go to OT&T or Nedlloyd.

Mr Nicholas Barber, OT&T's chief executive, said the deal was born out of a recognition that the future in distribution would go to the network operations.

OT&T said when it announced earlier this month 1988 pre-tax profits of £38.5m, down from £41.2m, that UK-based Transflash, which is dependent on Continental agents, was coming under increasing pressure from mainland European competitors.

The MSAS Nedlloyd air cargo companies in Holland, Belgium, and Spain are intended to combine Nedlloyd's strengths in these countries with MSAS' international network, which encompasses the Far East, Australia, and the USA.

Losses rise for New Cavendish

NEW CAVENDISH Estates, the property investor, reported an increase in pre-tax losses in the six months to December 31.

The losses of £71,000 (£5,000) were caused by an exceptional charge of £281,000 (nil), mainly relating to the termination of the contract of Mr John Everritt, the previous managing director.

Mr Henk Schep, chairman, said that at the trading level, profits before tax and exceptionals improved considerably. Net rental and other income advanced 43 per cent to £496,000 (£346,000) with interest receivable and other income almost doubling to £225,000. Losses per share rose to 0.51p (0.44p).

As part of a strategy of rationalisation, the company has decided to withdraw from the residential property market. Consequently, an extraordinary debit of £2.61m relates to the provision for loss on the Northwick Park development.

Mr Schep said that the new management installed in October had concluded its property review and had negotiated and put into operation the management of the property portfolio – worth more than £100m – of Noro, the company's ultimate holding company.

Scruttons profits surge

SCRUTTONS, port, shipping and engineering services group, yesterday reported a surge in profits from £0.7m to £2.2m pre-tax for 1988.

Shareholders were told that a strong trading cash flow, augmented by more than £4m scheduled for 1989 and over £20m expected in 1990 from the group's property interests at Victoria Deep Water Terminal, near London's docklands, had put the group in a good position to invest in existing businesses and expand by acquisition.

For 1988, profits from the ports businesses advanced sharply, helped by the revised property agreement at the Victoria Deep Water Terminal. The shipping and transportation activities increased their profits contribution strongly on a turnover reduced by the sale of the road haulage interests. The group's other interests also made good progress.

Scruttons' shares are traded on a matched bargain basis on Granville's Independent Companies Exchange.

Leisuretime buys Houston hotel for $10m

Leisuretime International is to pay $10.5m (£6.1m) cash for the Grand Hotel in Houston, Texas.

The vendors are the Metropolitan Life Insurance Company and the Life and Casualty Insurance Company of Tennessee.

The Grand is a 14-storey 320-room hotel which Leisuretime expects to refurbish and operate under a recognised franchise to improve its profitability.

The sale is subject to Leisuretime obtaining a liquor licence for the hotel's bar and restaurant.

Jones expands to over I£5m

JONES GROUP, the Dublin-based manufacturer of domestic radiators and convectors with interests in engineering, shipping and distribution, announced pre-tax profits up from I£4.36m to I£5.16m (£4.36m) in the year to end-December 1988.

Turnover in the period rose 15 per cent from £75.33m to £86.32m.

Mr Christopher Jones, chairman, said the absence of a tax charge last year had resulted in earnings per share rising almost 80 per cent. This growth had almost been maintained in 1988 but was offset by the re-emergence of a tax charge totalling £922,000.

After this tax charge and minorities of £95,000 (£83,000) earnings per 10p share were left at 33.8p (35.1p) and directors are proposing a final dividend of 7p (6.5p) making a total for the year of 10p (9.5p).

The secondhand market for tankers had been extremely buoyant, said Mr Jones,

At around £10m the group investment in vessels represented almost half its fixed assets and indications were that this figure understates their market value by up to 30 per cent, he said, while the inclusion in the balance sheet of a revaluation of the group's headquarters, showed a surplus of about £1m.

Commenting on future prospects Mr Jones said the environmental division would be the main contributor to growth in turnover in 1989, while sales in the manufacturing division would also be significantly up.

After the mildest winter for 40 years volumes in the oil distribution companies were unlikely to show much growth. The engineering division was not forecast to benefit from any growth in the Irish market and would once again look to its UK operations to increase its sales, he said.

IN BRIEF

ALBANY INVESTMENT Trust Net asset value 95.56p (83.94p) at February 28 1989. Pre-tax profits for the year £423,764 (£334,886). Earnings per share 3.12p (2.41p). Final proposed dividend of 2.1p (1.65p) for total of 2.8p (2.25p).

BANNER INDUSTRIES' subsidiary Banner Investments' offer for the capital and shares it did not already own in Transcontinental Services has been accepted in respect of 15.5 per cent of the ordinary shares and 47.3 per cent of the warrants. Banner now has acceptances for, owne or has agreed to acquire 88.7 per cent of the ordinary and 87.1 per cent of the warrants. The offer has been declared unconditional.

BARLOWS: Pre-tax profits for the year to December 31 last were £611,000 (£43,000) on turnover of £2.16m (£295,000). Tax took £248,000 (£13,000) leaving earnings per share of 3.62p (2.57p). Net asset value per 10p share at the year end was 95p (75.8p). A final dividend of 1.5p is proposed making a total of 2.25p (0.75p).

BRITANNIA SECURITY has acquired Acrelec for an initial consideration of £550,000 in a mixture of cash and shares. A further payment amounting to a maximum £500,000 will be based on the level of profitability attained over the two years to December 31 1990.

BRITISH EMPIRE Securities: Net asset value per share at March 31 1989 was 55.3p (45.4p). An interim dividend of 0.25p (0.2p) has been declared.

BSS GROUP has purchased Heatek Services and its subsidiaries for a consideration of £ £2.93m satisfied by £1.98m cash, £650,000 in loan notes and the balance by the issue of 64,273 shares.

CHILD HEALTH RESOURCES announced pre-tax profits of £10,000 for 1988 compared with a debit of £92,000 for the previous year. Net asset value at year end was 42.3p (31.7p) and earnings per share 0.15p (1.9p losses). There is no dividend.

COATS VIYELLA has agreed to sell Angloprint to St Ives Group as part of its strategy to concentrate on its core textile businesses.

COOKSON GROUP has launched a £60m convertible preference share issue in the international capital markets. The issue will be priced on or before April 26 and bear a dividend of between5¾ per cent and 6 per cent and a conversion premium of 14per cent to 18 per cent above the market price of Cookson ordinary. The issue carries a 'flexible put' option and is priced at par.

UK COMPANY NEWS

Suter expands chemical side via £14.6m purchase

By Philip Coggan

SUTER, the industrial holding company, has agreed to acquire Pentagon Chemicals from Kelt Energy, the oil independent, for £14.6m in cash.

The acquisition of Pentagon, which is a speciality chemicals manufacturer, will add to Suter's existing chemicals subsidiary, Mitchell Cotts Chemicals.

For Kelt, the sale marks the latest in a series of disposals of businesses bought in when the group acquired Carless, a larger oil independent, earlier this year. Kelt made it clear at the time of tha bid that it would sell off Carless' downstream assets to pay off part of a £199m loan from American Express Bank, which was used to fund the bid.

Total disposals by Kelt now amount to £55m and the company said yesterday that negotiations were taking place for the sale of other businesses.

Pentagon's pre-tax profits for the year to March 31, 1989 were £900,000 and its net asset value, including the capitalisation of inter-company indebtedness, was £3.3m.

Suter subsidiaries have also acquired Spada, a haircare cash and carry business, and Gorney, a hairdressing sundries distributor, for £1.3m in cash, and White-Lessar, a spectacle case manufacturer, for £1,000.

Strong recovery at JMD

JMD GROUP, which changed its nama from John Michael Design last August, returned strongly from loss to profit in the nine months to December 31.

This USM-qnoted specialist in greetings cards, gifts, packaging and design made pre-tax profits of £1.61m on turnover of £12.19m in the period. This compared with restated losses of £639,000 on turnover of £9.04m for the 12 months to March 31 1988.

The greatest strength in the company's recovery was seen in the last three months, as in the half-year to September 30 profits wsre only £19,000 (losses of £214,000).

After tax of £548,000 (£14,000), earnings were 2.44p (losses 1.48p). There was no extraordinary charge (£81,000).

Crucial to JMD'a turnround was the merger in August with Capital & Investment Securities, which injscted a new management team and about £2.1m cash.

In December the gronp acquired, for a combined maximum of £10.96m, Linden Holdings and Downpace, two companies involved in the manufacture and distribution of greetings cards, packaging and novelty products.

Sir Cecil Burney, JMD chairman, said that, in view of the timing of tha acquisitions, the board did not consider it appropriate to propose a dividend for the period to end-1988. He said that the core design companies significantly reduced their losses to £78,000 (£1.38m).

Equity & Law

Equity & Law Life Assurance Society has increased its stake in York Waterworks Company from 16.1 per cent to 17.8 per cent of the statutory company's voting capital.

Really Useful pays £1m for Joseph copyright

By Clare Pearson

REALLY USEFUL, Mr Andrew Lloyd Webber'a theatre production and leisure gronp, has paid £1m for the copyright in "Joseph and the Amazing Tachnicolor Dreamcoat", which marked the original collaboration between Mr LLoyd Webber and the lyricist Mr Tim Rice 21 years ago.

Mr Keith Turner, director of business and legal affairs, said yesterday Really Useful saw considerable scope for exploiting the operetta in new media such as television and video. "Joseph", widely performed by schools and amateur groups in the UK and the US, currently generates an annual income of about £65,000.

The copyright became available after its owner, the musical publisher Novello & Co. was sold by Granada Group earlier this year.

The acquisition comes hard oo the heels of the London opening last week of "Aspects of Love", the latest Lloyd Webber musical, where advance ticket sales total about £5m so far.

Mr John Whitney, former director general of the Independent Brosdcasting Anthority, joined Really Useful as managing director three weeks ago.

Really Useful has also recently announced it is seeking offers in excess of £5m on a freehold property in the West End of London, purchased for £3.2m last year, that it has decided not to transfer to from its Soho headquarters.

Ulster TV up 15% midway

HELPED BY an 11.6 per cent increase in advertising revenue, Ulster Television, television programme contractor for Northern Ireland, announced pre-tax profits of £1.4m in the six months to January 31 1989, a 15 per cent improvement on the £1.22m reported last time.

Turnover in the period totalled £12.8m (£11.57m).

Investment income in the period rose to £229,000 (£140,000) but there was a loss of £63,000 from the sale of investments. After tax of £517,000 (£437,000) earnings were 9.07p (8.01p) and there is an improved interim dividend of 2.5p (2p).

Computer People in $3m US expansion

COMPUTER PEOPLE, the computer staff agency, is continuing its expansion into the US with the purchase of Starlex, a computer consultancy firm handling New York and New Jersey business. Consideration is a maximum $2.7m (£1.57m).

The initial payment is $1.7m cash and $900,000 in loan notes, with an additional payment if Starlex reaches a profit target this year. The acquisition will be funded principally through a $2.4m placing of new ordinary shares.

Starlex, like the US Professional Services Gronp which Computer People bought last July, provides its contract programming services mainly to Fortune 500 companies. Its pre-tax profit for the year to December 31, adjusted for a payment to the owners which will be discontinued, was $56,000 on turnover of $8.2m.

Perkins Foods £1.7m buy-out

Perkins Foods has agreed to a £1.65m cash management buy-out of its Meat Packers subsidiary. Meat Packers, which had pre-tax profits of £113,000 on sales of £23.3m in the 15 months to December 31 1988, has suffered from the reduced avilability of beef. Net assets totalled £1.98m at December 31

SHARE STAKES

Cullen's Stores - Discretionary investment portfolios managed by Mercury Asset management group acquired further 658,530 shares, and holding 5.3m (20.07 per cent).

Nesco Investments - Ford House Trust is beneficial owner of 447,857 ordinary (7.04 per cent).

OIS Group - Sheikh Amin Al-Dahlawi interested in 932,334 shares (5.4 per cent).

CONTRACTS

Aerial masts and towers

BALFOUR BEATTY's transmission division has won two contracts for the construction of masts and towers.

The first, awarded by the PSA, is for antenna support towers at 66 sites throughout the UK. Tower heights vary from 10 to 70 metres and the antenna also vary because of the different locations and the wind conditions likely to be encountered at each site - from the home counties to the Western Isles of Scotland.

Work is scheduled for completion in March 1991 and final value of the contract is expected to reach £3m.

The second contract is for the BBC at Skelton in Cumbria. The site, which has been used by the BBC for its World Service short wave radio transmissions since 1943, is to be redeveloped, including the construction of a new transmitter building.

Balfour Beatty Power has been awarded a £3.3m design and construct contract for new aerial support towers to replace some of the 38 guyed masts currently in use. Thirteen guyed masts will be dismantled, while the design, supply and installation of 18 new self-supporting towers is in progress. Work includes construction of 2km of access track, with halyard winch bases to service the aerials.

Balfour Beatty Power is a BICC company.

Grab bucket ore unloader for Canada

COWANS BOYD, Carlisle-based unit of NEI Clarke Chapman, has won a contract, worth more than £4m, to design, construct and erect a 1,750 tonne/hr grab bucket ore unloader for installation in Vancouver, Canada.

The order has been placed by Vancouver Wharves. The company will use the unit to unload zinc and lead ore at its Port Burrard Inlet terminal. The unloader is part of a link in the movement of lead and zinc concentrate from a new mine in Alaska which is 50 miles inland from the Alaskan Sea and will operate all the year round.

The ores will be transported by road to the coast but, due to the prevailing Alaskan weather, onward movement by sea is restricted to a three-month weather window from July to September each year. The mine will begin operation in 1990 and shipments will be in 65,000 tonne deadweight bulk carriers.

At Vancouver the unloader will discharge the ore which will then be stored before being transported by rail to a smelter in Eastern British Columbia. During the three-month cargo handling period the unloader will be required to work up to 20-22 hours per day, unloading at a rate of 22,000 tonnes per day

Overhauling boilers for CEGB

NEI INTERNATIONAL COMBUSTION, Derby, has been awarded contracts worth nearly £9m. The Central Electricity Generating Board has placed orders for annual boiler overhaul work at its Willington, Drakelow, Ratcliffe and Pembroke power stations, as well as overhaul work on the turbine ancillary plant on Units 3, 4 and 5 at West Thurrock power station. As part of the CEGB's header replacement programme, the company is to make headers for power stations at Fiddlers Ferry, West Burton and High Marnham. In the industrial sector, the company is to carry out a comprehensive boiler overhaul, plant refurbishment and mechanical work for major UK oil refineries.

* * *

A £3m contract for a bulk fuel installation has been won by REDPATH ENGINEERING SERVICES, Stockton-on-Tees, part of the offshore and structural division of Trafalgar House. The contract, to be carried out at RAF Brize Norton, Oxfordshire, is for pipework to provide fuel for aircraft at the base. Testing and commissioning the installation, fuel distribution by a ring main pump, and hydrants are included. Awarded by ARC Construction, work is expected to finish in late 1991.

* * *

Two contracts to supply £2.5m worth of Setcon process control systems to the South Korean steel industry have been awarded by Davy McKee (Stockton) to SD-SCICON. The systems will supervise the control of a new foundry-iron blast furnace at the Pohang iron and steel complex and the number three blast furnace at the Kwangyang operation. The systems are due to be installed by the end of this year. Both the Pohang and Kwangyang systems will use DEC PDP/11 machines. Scicon Industry has already implemented supervisory systems for the number one and number two furnaces at the Kwangyang site.

* * *

Holland & Barrett, healthfoods arm of Booker, has chosen PENNINE and PRISM for its prime computerisation needs. In total the contract could be worth £1.5m over the next 18 months. Pennine is supplying all the modules of PRISM - Retail, Inventory, Sales and Management system, plus the largest Data General minicomputer ever delivered to a new customer. The hardware includes an MV 15000/20 system with 16 megabyte of memory and 2.5 gigabytes of disc storage. Initially Holland & Barrett will be installing 40-50 terminals. The hardware includes an Ethernet network, as eventually a PC will be installed at each of 230 branches. They will be used for local purchasing, and branch management information as well as data collection. Some PC's will also be capable of receiving data from hand-held terminals for stock control. Other branches will be equipped with EPoS tills.

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The company has 141 employees, an annual turnover of approximately £5,000,000 and a substantial order book.

For further information contact the Joint Administrative Receivers; David Rowlands or Allan Griffiths, Grant Thornton, 1 Stanley Street, Liverpool L1 6AD. Tel: 051 227 4211 Telex 627823 TB LIV-G Fax 051 236 3429.

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For further details please contact the Joint Administrative Receiver, *R. Hocking FCCA (ref 13/PJC).*

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Location: Leasehold premises in Lancaster

Turnover: Year ended 31 December 1988 for both companies £0.7M (90% export).

For further information please contact:
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COMMODITIES AND AGRICULTURE

EC agricultural budget to be Ecu2bn below guideline

By Tim Dickson in Brussels

THERE was one hoast in Brussels yesterday that rang a little hollow – the European Commission's smug observation that the farm price package finally agreed in the early hours on Saturday respects the Community's budget discipline. Of course it does.

Even if Agriculture Ministers had voted for wild price increeses in the guaranteed level of EC support, they could still have kept within the financial ceiling imposed hy heads of Government at last February's "watershed" summit. Thanks to the substantial savings made lu Europeau export subsidies as a result of last year's drought induced jump in world market prices, this year's agricultural budget is expected to be a cool Ecu2bn below the famous "guideline" agreed last year, while as things stand the room for manoeuvre in 1990 will be around Ecu4.5bn.

The question throughout this year's uegotiations was therefore not whether farm spending was once again set to wreck the Community's finances, but to what extent the new Irish Farm Commissioner Mr Ray MacSharry could pursue his predecessor's more market oriented approach. The outcome is not only significant for EC farmers but for the other major trading blocs currently trying to rednce the overall level of global agricultural supports in the General Agreement on Tariffs and Trade (GATT).

Broadly speaking, the package finally agreed by Ministers after several compromises from a somewbst besitant Council chairman, Spain's Mr Carlos Romero, retains the broad price freeze in Ecu terms originally put on the table by the Commission. The big and virtually inevitable concession was contained in the adjustments made to the green currencies which convert common Ecu prices into national money.

Final confirmation was not available yesterday afternoon but preliminary Commission calculations suggest that on everage EC farm prices will increase by a uominal 2 per cent in national currencies – a real cut when inflation is taken into account but arguably a modest step along the road of reform if viewed from the perspective of the impatient Cairns group of nations in the GATT.

The complex agri-monetary changes – which gave UK producers a 2.7 per cent increase for beef, 4.2 per cent more for sheepmeat, and more than 2.5 per cent extra for cereals before other measures like the etebilisers are taken into account – were largely responsible for the additional budgetary costs of the final package. Mr Macsharry disclosed yesterday that the compromises would add Ecu74m more to this year's budget than the original Commission proposals, and a further Ecu365m to estimated agricultural spending in 1990.

Those looking for signs that the Commission may be softening its tough budgetary line would point to the declarations made on the need to look into milk quota difficulties and the clear statement that reductions agreed in the rate of the milk co-responsibility levy are just a "first step." Previous statements of this kind tend to end with a Commission proposal even if most member states are hostile.

On the other hand, Mr MacSharry deserves considerable credit for resisting West German pressure to allow "ex post facto" flexibility in the application of milk quotas – a potentially costly concession – for insisting that Ministers accept a cut in the sugar price (2 per cent), for further reducing the period of intervention in the cereals sector (thus emphasising the role of intervention as a safety net), and for holding out for a 2 per cent decrease in the butter price to "pay for" the cut in the milk co-responsibility levy.

Total ban on nitrates ruled out

By Bridget Bloom, Agriculture Correspondent

THE European Commission's plans to curb the use of nitrate fertilisers by farmers does not include a total ban on fertiliser use, a senior Commission official has said.

Mr Jorge Heuningsen, in charge of water and air pollution and conservation in the Commission's environment directorate, said that a total ban on the use of nitrogen fertiliser was completely beyond the intention of a draft directive on nitrate use now with the Council of Ministers.

Commenting on adverse reaction to the directive from the British Government and from farmers, Mr Heuningsen said in an interview that be felt the "psychological reaction" to the Commission's proposal went far beyond what was included in it.

The Commission's directive, which aims to protect fresh, coastal and marine waters from pollution by nitrates, was strongly criticised last week by the British Government.

British farmers have expressed fears that the directive could make possible a total ban on the use of nitrates in certain sensitive areas like the limestone heaths of Lincolnshire or the sandstone regions of the Midlands.

In a memorandum to the House of Lords Select Committee on the European Communities published last week, the Government said that the Commission's proposals were potentially so sweeping that they could have major agricultural, social and economic consequences.

They could result in "nitrate protection zones" being established over the "great bulk" of Britain's arable farmland.

While welcoming the Commission's aim to devise a Community wide policy on nitrates, the memorandum, jointly produced by the Department of the Environment and the Ministry of Agriculture, labelled the directive unreasonable and inflexible.

Mr Henningsen denied these charges. The directive's aim was to reduce the levels of nitrate in sources of drinking water to the EC legal limit of 50mg per litre.

To this end it envisaged the establishment of nitrate protection zones in vulnerable areas, in which there would be some curbs on nitrate use plus a combination of other measures to be decided by the member state government.

If the British Government decided that most of the country's arable land was vulnerable to nitrate leaching near or above the legal limit then there would have to be protection zones established over that land, Mr Heuningsen said.

He did not, however, believe that that would mean a complete ban on fertiliser use, suggesting instead that the Commission was thinking more in terms of reductions of 15-20 per cent which should not have a major impact either on yields or farmers' net incomes.

Mr Henningsen said that the Commission was not aiming to dictate to member state governments on the methods to be used to reduce nitrate levels except in one respect.

The Commission felt it was legitimate to put a ceiling on the amount of manure that could be spread on the land.

The Commission believed it was vital to control nitrate leaching both because of its polluting effects on drinking water and because it was helping to destroy aquatic life.

Mr Henningsen said he hoped that the directive, which was published in January and requires unanimous approval, would become law within two years.

Explosion at Outokumpu plant fuels sharp rise in nickel price

THE PRICE of nickel rose sharply on the London Metal Exchange yesterday after Outokumpu, the Finnish mining and metals group, declared force majeure on nickel deliveries because of an explosion on Saturday at its Harjavalta smelter, writes Kenneth Gooding, *Mining Correspondent*.

A larger-than-expected fall in LME nickel stocks added to fears about the availability of the metal. There was a fall of 648 tonnes last week, taking stocks to 2,412 and their lowest level since December, 1988.

Nickel prices were buoyant last week after news about problems at Inco's Thompson plant in Canada and uneasiness about the possibility of a strike at Falconbridge's Sudbury facility, also in Canada, if a new labour contract is not agreed this month.

Traders said nickel soared by $1,400 a tonne at one stage yesterday, boosted by aggressive producer re-purchasing and European and Far Eastern buying. Then sellers emerged, particularly US consumers taking profits.

By the close nickel for immediate delivery was $16,600 a tonne, up $750, and three-months metal was up by $625 at $16,100 a tonne.

Outokumpu said that an explosion and fire at the oxygen plant at the Harjavalta smelter had interrupted production of both copper anodes and nickel cathodes.

The smelter produces about 50 tonnes of nickel a day, half of which goes to Outokumpu's own stainless steel operations, and 300 tonnes of copper, which all goes to its refinery at Pori, 350 kilometres away.

The copper smelter was restarted without oxygen yesterday but will produce at only 25 per cent of capacity, the company said.

Outokumpu's own oxygen plant was destroyed and the company yesterday could not say how long it would take to replace. Another oxygen plant nearby, owned by Aga, was less severely damaged and might be back in operation in two weeks' time. It can provide more than half the smelters' oxygen requirements, Outokumpu said.

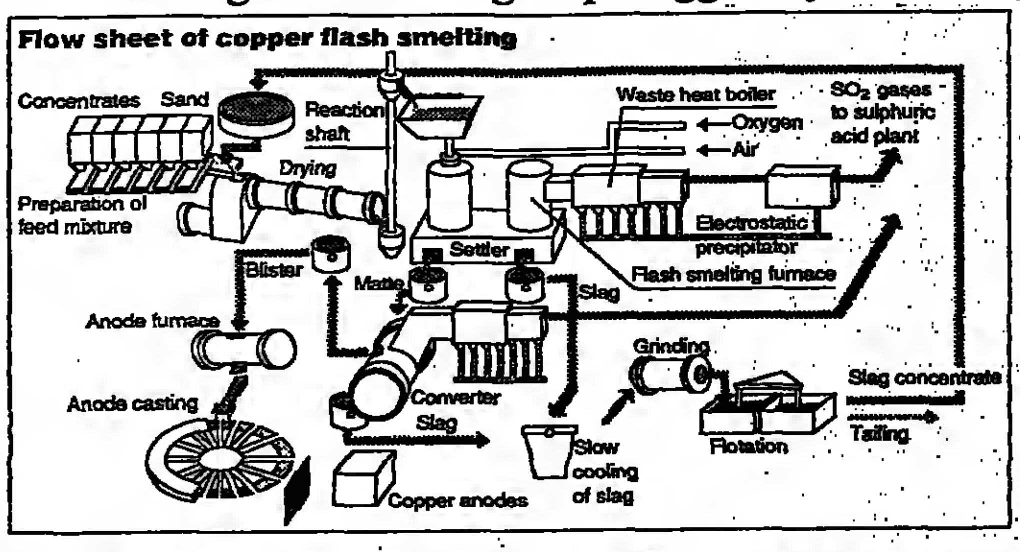
The company said production losses were costing FM1m a day (about £143,000) but were covered by insurance, as was the damaged equipment.

Harjavalta smelter's unhappy anniversary

Kenneth Gooding on a mining and metals group dogged by incredibly bad luck

An almost-incredible bit of bad luck has hit Outokumpu, the Finnish mining and metals group. Last week it celebrated the 40th anniversary of the start-up on April 20 of its first flash smelter, among other things by taking reporters to the Harjavalta plant where that smelter was installed. On April 22 an explosion at the oxygen plant on the site brought the Harjavalta flash smelters to a halt.

Flow sheet of copper flash smelting



This is the third incident in less than a year at plants using Outokumpu's flash smelting methods. Fortunately, nobody was seriously burt in the Harjavalta incident hut in the other two – at Magma Copper's San Manuel smelter in Arizona and the Chuquicamata smelter owned hy Codelco in Chile – there were fatalities.

This obviously raises some questious, not the least because Outokumpu's flash smelting method is widely heralded as one of the most significant achievements in copper metallurgy this century and is the method by which about one-third of the world's copper is produced today.

However, according to Mr Simon Hobson, a director of tha Metals and Minerals Research Services consultancy group: "The reliability of Outokumpu flash smelting is nnqusstionable. Currently smelters with combined production capacity of more than 2m tonnes a year are in operation with their smelting chambers taking terrific poundings from the explosions of the sulphur inside."

In fact, in two of the incidents the flash smelting furnaces, which hold molten material hubbling between 1,400 and 1,500 degrees centigrade, were not even involved.

At Harjavalta it was a separate oxygen plant which exploded – for reasons that are not yet clear. In the Magma accident a waste beat hoiler was being cleaned.

Only at Chuquicamata was the flash smelter's furnace directly involved. Outokumpu still has no exact details of what happened because officials of the state-owned Codelco, which was going through a change of top management at the tima, seem relnctant to give them.

It is known is that there were two interruptions to the power supply within a short space of time and this probably caused a failure of the cooling system which sends water continuously cascading down the outside of the furnace to bring the temperature down to about 350 degrees centigrade.

About 20 people were using hosepipes to spray the furnace on Friday, January 13 when it exploded.

Outokumpu first developed its flash smelting method in the aftermath of the second world war. Finland had lost 20 per cent of its hydro-electric generating capacity and faced a power shortage as new industries pushed demand and prices higher. In 1948 power costs represented 40 per cent of total copper production costs.

Outokumpu's metallurgists responded with an idea which had never been tried on an industrial scale – antogenous smelting. The method uses the latent heat contained in sulphide ores as the energy source to bring the ore concentrate up to smelting temperature.

Work on a pilot plant started at Harjavalta in 1946 and after the official start-up in 1949 continuous smelting was maintained almost without electricity or fuel.

In the early 1970s the process was substantially improved by nsing oxygen-enriched air in the furnace.

Today there are more than 35 flash smelters worldwida using the Outokumpu method. Flash smelting can also be applied to pyrite and nickel – Harjavalta has separate copper and nickel smelters – and has been used for lead in a pilot plant.

Outokumpu's process solves the contradictory requirements of profitability of environmental impact by keeping amissions so low that if necessary smelters can be placed in residential areas.

Mr Jukka Sulanto, manager, pyrometallurgy, for Outokumpn engineering *division*, says his company estimates that, as demand for copper is growing at an annual 1 to 2 per cent, the equivalent of a new smelter will be needed every year for the next decade.

Much of the increased capacity will be achieved by expanding existing smelters – and this might bring Outokumpn some business because flash furnaces and ancillary equipment can be installed in old facilities. However, he believes the next new smelter will be installed hy Mitsubishi in Texas.

Canadian gold mine plan

By David Blackwell

CONTINENTAL GOLD, a company formed just over a year ago, believes it is on course to open what will be the second biggest gold mine in Canada late in 1992.

Drilling tests already carried out at its Mount Milligan gold and copper site in British Colombia suggest the mine would produce 192,000 ounces of gold and 44m lbs of copper a year for 15 years.

But the company is confident that further snrvey results expected soon will lift expectations to 278,000 ounces of gold and 63.9m lbs of copper over the same period. Only Hemio's Golden Giant mine is more prodnctive in Canada, with 332,000 ounces of gold a year.

Mr Bob Dickinson, president of the company, said the project was financed until feasibility studies finished next year. Continental owns 70 per cent of the project in a joint venture with BP Resources Canada, which owns the remainder.

At the higher rate of recovery expected, the partners will need to raise C$230m to go ahead with the open cast mine.

Mr Dickinson said the mine was an unusual discovery for British Colombia. "It is the gold/copper mix that makes this a significant discovery."

Aluminium growth 'unharmed'

By Kenneth Gooding

THE period of very high aluminium prices last year was too short to do any serious damage to the metal's demand prospects and consumption should start to grow at a "respectable pace" again from 1990 onwards, suggests the Anthony Bird Associates consultancy group in its latest aluminium analysis.

The sharp deterioration in aluminium's competitive position to mid-1988 is partly responsible for the current sluggish growth in consumption "and will continue to exert a depressant effect for some months yet," it adds.

At the same time the economic slowdown which is developing in the industrialised world is particularly marked in metal-intensive sectors such as car production and construction.

Consequently, aluminium consumption in 1989 is forecast to remain virtually unchanged from last year's level of 13.7m tonnes.

Until the recent past Bird has given repeated warnings that the industry was not investing enough in new capacity to keep pace with projected demand. It now says, however, that, after discounting projects which are unlikely to come to fruition "we think the amount of new smelter capacity now being planned for the longer term is about right."

Producers have become more optimistic, it points out.

Strenuous recent efforts by the producers have resulted in aluminium moving back into surplus again and producer stocks have started to rise.

Aluminium Analysis, quarterly from Anthony Bird Associates, 193 Richmond Road, Kingston–upon–Thames, Surrey, KT2 5DD. £395 a year.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER prices closed ahead, extending early gains in the afternoon on news that workers at Island Copper in British Colombia had voted in favour of strike action. Miners there kept working after their labour contract expired on April 12 while negotiations continued. Earlier this month, the company said there was no recent history of strikes at the mine, which usually manages to settle its differences. The early advance was supported by news of stock falls on both Comex and the LME. A 10,275 tonne fall in LME warehouse stocks of aluminium pushed prices higher, continuing Friday's firmer trend, and reflecting a tightening of mid-July delivery dates as traders sought to cover against potential commitments against options.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.60-7.75q	+0.85
Brent Blend	$20.20-0.30z	-0.25
W.T.I. (1 pm est)	$21.10-1.15q	+0.05

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$290-295	+1
Gas Oil	$161-163	-1
Heavy Fuel Oil	$96-100	
Naphtha	$183-185	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$384.75	+0.25
Silver (per troy oz)♣	580c	
Platinum (per troy oz)	$544.6	-3.6
Palladium (per troy oz)	$168.75	-1.25
Aluminium (free market)	$2305	+125
Copper (US Producer)	$144\frac{1}{2}$-148c	$-1\frac{1}{2}$
Lead (US Producer)	37.5c	
Nickel (free market)	745c	+50
Tin (European free market)	$10575.0	+57.5
Tin (Kuala Lumpur market)	27.88r	-0.78
Tin (New York)	484.5c	+3.8
Zinc (US Prime Western)	81[illegible]c	
Cattle (live weight)†	118.78p	+0.23*
Sheep (dead weight)†	259.41p	+9.58*
Pigs (live weight)†	86.84p	+0.48*
London daily sugar (raw)	$311.0u	+1.6
London daily sugar (white)	$342u	+2
Tate and Lyle export price	293.0	+1.5
Barley (English feed)	£103.75w	
Maize (US No. 3 yellow)	£134	
Wheat (US Dark Northern)	£125.75x	
Rubber (spot)♥	58.50p	+0.25
Rubber (Jun)♥	67.00p	+0.25
Rubber (Jul)♥	68.50p	
Rubber (KL RSS No 1 May)	297.5m	-1.5
Coconut oil (Philippines)§	$560x	+5
Palm Oil (Malaysian)§	$405z	
Copra (Philippines)§	$350	
Soyabeans (US)	$205z	
Cotton "A" Index	75.05c	+0.50
Wooltops (64s Super)	620p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/Jun. u-May/Jun. q-Jun. x-Apr/May. w-Aug. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	739	747	739 733
Jul	755	762	755 746
Sep	772	776	773 764
Dec	815	810	815 805
Mar	809	816	803 800
May	806	810	805 799
Jul	816	816	817 814

Turnover: 5625 (2635) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 21: 984.03 (991.03): 10 day average for Apr 24: 990.69 (991.01)

COFFEE £/tonne

	Close	Previous	High/Low
May	1160	1143	1163 1150
Jly	1104	1097	1115 1100
Sep	1068	1065	1083 1065
Nov	1055	1046	1065 1053
Jan	1050	1040	1057 1046
Mar	1046	1038	1052 1044
May	1040	1040	1050

Turnover: 2689 (2353) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 21: Comp. daily 119.75 (120.27). 15 day average 117.13 (116.73)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
May	276.80	276.80	279.00 273.60
Aug	278.60	277.00	280.00 274.60
Oct	276.80	274.60	278.00 272.80
Dec	275.00	270.00	272.00
Mar	267.40	265.40	267.40 266.00

White	Close	Previous	High/Low
Aug	337.50	335.00	337.50 334.00
Oct	329.00	325.00	328.00 325.00
Dec	322.00	321.00	321.00
Mar	317.00	314.00	317.00 315.00

Turnover: Raw 4238 (4789) lots of 50 tonnes. White 515 (471).
Paris- White (FFr per tonne): Aug 2120, Oct 2055, Dec 1990, Mar 1980, May 1985, Aug 1980.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jun	19.63	19.89	19.00 19.55
Jul	18.75	18.95	19.00 18.67
Aug	18.04	18.15	18.20 18.04
IPE Index	20.15	20.17	

Turnover: 4744 (11099)

GAS OIL $/tonne

	Close	Previous	High/Low
May	158.00	158.25	159.00 157.75
Jun	155.00	154.00	155.25 153.75
Jul	153.75	152.75	154.00 152.00
Aug	154.00	153.50	154.50 153.00
Sep	155.75	155.25	156.00 154.50
Oct	157.50	157.00	
Nov	158.00	157.50	159.00 157.00

Turnover 4254 (8500) lots of 100 tonnes

TEA

There were 22,048 packages on offer including 5,800 offshore, reports the Tea Brokers' Association. There was good general demand with bright liquoring Africans again the strongest feature and *prices sometimes substantially dearer.* Better mediums also sold well at fully firm rates but plainer sorts proved irregular and often easier. Ceylons met useful competition and prices continued to be fully firm following quality. Offshore teas were well supported with brighter descriptions gaining 2-4p per kilo. Quotations: quality 192p (189p), medium 103p (same), low medium 87p (85p).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 20,700 tonne
Cash	2280-90	2190-200		2305-10		
3 months	2165-8	2120-5	2175/2132	2157-70	2160-5	31,899 lots
Copper, Grade A (£ per tonne)						Ring turnover 18,500 tonne
Cash	1850-2	1790-2	1851/1850	1850-1		
3 months	1782-3	1729-30	1791/1755	1778-80	1774-5	71,135 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	577-9	574-7		572-4		
30 June	587-90	584-7		582-4		350 lots
Lead (£ per tonne)						Ring turnover 5,025 tonne
Cash	365-6	366-7	371/370.5	370-0.5		
3 months	365-6	368-6.5	371/366	367-8	365-6	9,960 lots
Nickel ($ per tonne)						Ring turnover 2,790 tonne
Cash	16550-650	15800-900	16700/15600	16500-600		
3 months	16050-150	15450-500	16800/15800	16050-150	16050-100	7,324 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 11,925 tonne
Cash	1700-10	1695-700	1705	1703-7		
3 months	1665-75	1650-5	1660/1660	1673-5	1650-60	8,871 lots
Zinc ($ per tonne)						Ring turnover 6,800 tonne
Cash	1680-90	1650-5	1682	1682-5		
3 months	1620-1	1580-2	1625/1600	1612-5	1610-5	12,275 lots

POTATOES £/tonne

	Close	Previous	High/Low
May	145.0	154.0	159.0 140.0
Nov	91.5	91.0	91.5
Feb	100.0	100.0	
Apr	141.1	136.0	142.0 140.0
May	158.6	159.0	

Turnover 395 (257) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	156.40	156.50	157.00
Aug	152.50	153.00	153.00 152.00
Oct	152.00	153.00	152.00 151.60
Dec	154.00	155.50	155.00

Turnover 66 (702) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1630	1628	1630 1620
May	1620	1620	1624 1519
Jul	1385	1390	1390 1385
Oct	1490	1485	1490 1487
Jan	1535	1530	1535
Apr	1580	1575	1580
BFI	1619	1617	

Turnover 156 (278)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	117.90	117.70	118.30 117.80
Jun	119.80	119.40	120.40 119.80
Sep	105.00	104.75	105.10 105.00
Nov	107.50	107.25	107.75 107.50

Barley	Close	Previous	High/Low
May	107.50	107.40	107.50
Sep	103.00	102.60	103.25 103.00
Nov	106.00	105.60	106.10 106.00
Jan	109.00	108.60	109.10 108.60

Turnover: Wheat 189 (352), Barley 23 (32).
Turnover lots of 100 tonnes.

MEAT £/tonne

	Close	Previous	High/Low
Apr	105.5	104.8	105.0
Jun	107.5	107.3	107.0
Aug	105.5	105.3	105.0

Turnover 13 (-) lots of 40 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	$384\frac{1}{2}$-385	$225\frac{1}{4}$-$225\frac{3}{4}$
Opening	$383\frac{3}{4}$-$384\frac{1}{4}$	$223\frac{3}{4}$-$224\frac{1}{4}$
Morning fix	383.9	223.953
Afternoon fix	383.55	224.666
Day's high	$382\frac{1}{4}$-$383\frac{1}{4}$	
Day's low	385-$385\frac{1}{2}$	

Coins	$ price	£ equivalent
Mapleleaf	395-401	232-235
Britannia	396-401	232-235
US Eagle	396-401	232-235
Angel	396-401	232-235
Krugerrand	383-388	$224\frac{1}{2}$-$228\frac{1}{2}$
New Sov.	$90\frac{1}{2}$-$91\frac{1}{2}$	53-$53\frac{3}{4}$
Old Sov.	$90\frac{1}{2}$-$91\frac{1}{2}$	53-$53\frac{3}{4}$
Noble Plat	547.7-558.9	319.45-324.8

Silver fix	p/fine oz	US cts equiv
Spot	336.40	576.00
3 months	347.20	590.10
6 months	358.65	605.30
12 months	381.65	637.30

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
2100	100	188	1	65
2200	101	133	12	108
2300	38	89	48	163
Copper (Grade A)	**Calls**		**Puts**	
3000	164	152	8	121
3100	87	108	30	174
3200	38	73	79	238

LONDON FOX TRADED OPTIONS

Coffee	Jul	Sep	Jul	Sep
1000	110	94	7	28
1050	73	64	20	49
1100	44	42	41	77
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
700	63	85	9	14
750	31	53	27	32
800	12	30	58	59

US MARKETS

IN THE METALS, light trade buying firmed up the gold and silver markets, reports Drexel Burnham Lambert. Lower LME stocks helped the copper futures rally. Platinum was steady on commission house activity. In the softs, sugar and cocoa had featureless trading. Arbitrage selling due to a stronger dollar sank coffee prices. The livestock markets saw light short covering keeping the bellies and hogs *firm. Follow through selling from* Fridays bearish cattle on feed report sent cattle prices falling. The May contract lost 65. The energy markets saw some profit taking easing its recent advance. Heavy trade selling elected sell stops to help the decline. Enough rainfall over the weekend sank the bean complex and corn. Soft cash prices along with farmer selling added weakness. Wheat futures closed higher, being supported by tender news and an upcoming meeting with the soviets.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	387.7	384.0	388.2	383.6
May	388.2	385.4	0	0
Jun	391.0	388.2	391.7	388.7
Aug	395.6	392.9	396.5	391.7
Oct	401.0	398.2	399.5	398.0
Dec	406.4	403.5	407.2	402.4
Feb	411.7	408.8	410.0	408.8
Apr	417.0	414.1	416.3	418.3
Jun	422.4	410.5	421.5	421.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	549.1	545.5	549.0	544.0
Jul	554.1	551.5	558.0	547.0
Oct	552.6	550.0	553.0	547.0
Jan	552.6	550.0	553.0	552.0
Apr	554.8	552.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	582.5	575.8	0	0
May	583.3	576.5	585.5	575.0
Jun	585.6	581.8	589.0	589.0
Jul	594.4	587.3	586.5	586.0
Sep	605.2	597.8	607.5	596.5
Dec	621.0	613.1	623.0	613.0
Jan	626.0	618.1	0	0
Mar	636.2	628.2	634.0	634.0
May	646.6	636.5	646.0	640.0
Jul	657.2	649.0	650.0	650.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	140.15	138.60	142.70	140.20
May	139.65	137.85	142.80	139.50
Jun	137.10	134.70	0	0
Jul	134.60	131.96	136.40	134.30
Sep	128.90	125.96	130.00	128.50
Dec	122.90	120.06	123.30	122.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.80	21.32	21.34	20.70
Jul	19.48	20.17	20.17	19.40
Aug	18.75	19.49	19.51	18.75
Sep	18.40	10.00	19.04	18.60
Oct	18.15	18.62	18.70	18.25
Dec	17.89	18.09	18.20	17.89
Jan	17.77	17.87	18.03	17.77

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5210	5383	5440	5210
Jun	5105	5273	5360	5105
Jul	5010	5195	5250	5000
Aug	5010	5210	5260	5085
Sep	5150	5260	5305	5150
Nov	5240	5370	5380	5240
Dec	5400	5425	5433	5400

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
May	1318	1323	1330	1310
Jul	1220	1231	1240	1218
Sep	1216	1229	1232	1215
Dec	1230	1241	1245	1228
Mar	1233	1243	1245	1230
May	1242	1254	1254	1242
Jul	1220	1231	1240	1216
Sep	1288	1280	1280	1280

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	141.80	142.00	142.25	140.05
Jul	135.54	137.00	137.25	134.70
Sep	128.31	131.27	131.50	129.25
Dec	125.47	126.82	127.00	125.35
Mar	122.50	123.40	123.90	122.75
May	122.63	124.48	123.10	123.00
Jul	122.50	124.50	0	0
Sep	121.00	121.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.60	12.54	12.63	12.40
Jul	12.58	12.54	12.62	12.36
Oct	12.37	12.31	12.41	12.20
Jan	12.42	11.92	0	0
Mar	11.99	11.91	12.02	11.85
May	11.99	11.85	11.96	11.84
Jul	11.96	11.81	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.80	64.81	65.25	64.70
Jul	66.05	66.46	66.46	66.00
Oct	65.90	66.35	66.40	65.9[illegible]
Dec	65.11	65.48	65.50	65.0[illegible]
Mar	65.90	65.75	65.75	65.70
Jul	66.25	66.35	66.25	66.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	176.00	175.90	176.20	174.75
Jul	178.60	178.35	179.10	177.65
Sep	175.65	174.75	176.15	174.45
Nov	163.75	163.25	164.05	163.25
Jan	157.70	157.15	157.95	157.90
Mar	157.30	156.60	0	0
May	157.30	156.60	0	0
Jul	157.30	156.60	0	0
Sep	157.30	156.60	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	744/4	760/0	752/4	739/4
Jul	749/4	767/0	757/4	744/0
Aug	746/4	763/6	754/0	741/0
Sep	731/0	745/0	735/0	726/0
Nov	722/4	735/4	725/0	715/0
Jan	731/4	744/4	733/0	725/0
Mar	740/4	752/0	740/4	734/0
May	739/0	755/0	744/0	739/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.92	23.37	23.28	22.82
Jul	23.48	24.01	23.89	23.43
Aug	23.75	24.28	24.17	23.72
Sep	23.95	24.47	24.38	23.90
Oct	24.15	24.62	24.50	24.10
Dec	24.40	25.00	24.85	24.40
Jan	24.65	25.18	24.91	24.85
Mar	25.15	25.65	25.35	25.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	228.6	232.3	229.3	226.5
Jul	226.8	230.3	227.4	224.7
Aug	224.2	227.5	224.7	222.0
Sep	220.7	224.5	222.5	220.0
Oct	217.5	221.0	217.5	215.0
Dec	216.5	219.0	216.5	214.0
Jan	216.0	216.5	216.0	215.0
Mar	216.0	216.5	216.0	215.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	269/0	275/2	270/6	266/6
Jul	271/2	277/4	273/0	269/6
Sep	265/0	271/2	266/6	264/0
Dec	263/6	271/2	268/0	262/6
Mar	270/0	277/2	272/0	268/6
May	271/0	278/4	273/0	270/4
Jul	273/0	280/4	275/4	272/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	416/6	414/4	417/0	412/4
Jul	404/0	402/0	405/0	400/4
Sep	411/4	409/0	411/4	407/4
Dec	423/2	421/0	423/4	421/0
Mar	428/2	426/0	428/4	426/4
May	421/0	421/4	422/4	421/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	70.77	71.42	71.77	70.65
Aug	67.22	67.70	68.20	67.05
Sep	68.50	68.80	0	68.50
Oct	68.87	68.95	69.62	68.70
Dec	70.12	70.07	70.65	69.80
Feb	70.80	70.60	71.22	70.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	45.67	45.60	45.90	45.10
Jul	46.50	46.32	46.77	45.90
Aug	45.62	45.45	45.80	44.85
Oct	42.12	42.26	42.60	41.90
Dec	44.15	44.27	44.55	43.87
Feb	45.52	45.70	45.96	45.50
Apr	44.70	44.85	44.70	44.45
Jun	47.15	47.25	47.15	46.80

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	31.45	31.30	31.56	30.75
Jul	31.60	31.37	31.80	31.07
Aug	31.20	31.07	31.55	30.92
Feb	47.25	47.42	47.70	47.17
Mar	46.70	46.65	47.15	46.70
May	46.50	46.50	0	0

LONDON STOCK EXCHANGE

Thin trading in nervous stock market

THE UK stock market played a waiting game yesterday as the leading trading houses battened down the hatches ahead of Wednesday's announcement of the UK trade figures for last month.

Turnover was thin and there was no general response from the equity market to a batch of corporate developments, notably an unexpected £1.4bn bid by Ranks Hovis McDougall (RHM) for its Australian tormentor, Goodman Fielder Wattie, holder of nearly 30 per cent of the RHM equity.

The markat's nervousness ahead of the UK March trade figures was not helped by criticisms from a UK Parliamentary Committee of forecasts for the year from Mr Nigel Lawson, the UK Chancellor of the Exchaquer. However, with both sterling and the London money markets steady yesterday, the equity market was content to wait for Wednesday's announcement.

Account Dealing Dates		
First Dealings:		
Apr 17	May 8	May 22
Option Declarations:		
May 4	May 18	Jun 1
Last Dealings:		
May 5	May 19	Jun 2
Account Day:		
May 15	May 30	June 12

*New time dealings may take place from 9.00 am two business days earlier

Share prices edged ahead in early dealings when there were signs that a few small trading programmes, priced late on Friday, were brought to tha market. However, turnover never looked impressive and an early rise of 10.5 on the FT-SE Index was lost later as London began to look increasingly uncertain ahead of Wall Street's opening.

Suggestions that the Dow Average might test 2,400 again were soon proved only too justified, and the UK market sagged back to its overnight levels. At its final reading of 2,062.0, the FT-SE Index was just one point up on the session.

Seaq volume of 340.8m shares compared poorly with Friday's 400.7m, and with last week's daily averages. Yesterday's total took in heavy trading in selected speculative stocks with ASDA, the supermarket group, standing out on continued hints of US demand. But turnover in several of the market's larger, longer-running takeover stories was thin.

The keenly-awaited corporate announcement from Hoffmann-La Roche proved a disappointment for speculators hoping that the Swiss chemicals gronp would take an immediate hand in the Beecham-SmithKline Backman merger plan.

Beecham shares settled lower in only moderate trade as dealers returned to the view that, with no third party currently showing interest in challenging the SmithKline merger plan, the market bas priced shares in the UK chemicals and pharmaceuticals group soundly.

Also traded relatively lightly was Consolidated Goldfields, which fell back as London awaited news from a crucial court hearing in New York. Tomorrow at 1 pm London time is the daadline for Minorco's £3.5bn bid for Gold Fields, but there were no signs yesterday of any significant investment activity in London by the hig institutions.

FINANCIAL TIMES STOCK INDICES

	Apr 24	Apr 21	Apr 20	Apr 19	Apr 18	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.18	85.98	86.18	86.82	86.72	89.89	89.29 (8/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.96	96.84	97.22	97.29	97.27	97.30	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1701.9	1700.5	1698.5	1718.7	1705.7	1413.3	1781.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	186.6	185.7	185.8	188.5	188.6	207.1	195.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	Apr 24	Apr 21	Apr 20	Apr 19	Apr 18	Year Ago
Ord. Dl. Yield	4.58	4.58	4.58	4.52	4.55	4.61
Earning Yld %(full)	11.09	11.11	11.11	10.96	11.02	11.98
P/E Ratio(Net)(☆)	10.91	10.87	10.88	11.01	10.96	10.23
SEAQ Bargains(5pm)	22,231	22,548	28,214	27,721	25,623	25,366
Equity Turnover(£m)†	-	1165.29	1348.41	1456.03	1297.40	808.57
Equity Bargains†	-	27,209	30,998	31,134	29,524	27,297
Shares Traded (ml)†	-	436.8	503.8	566.9	511.3	322.5a

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1706.0	1710.7	1710.9	1709.0	1708.0	1705.7	1703.4	1703.9

DAY'S HIGH 1712.1 DAY'S LOW 1701.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.82 †Excluding intra-market business. * Corrected figure.

S.E. ACTIVITY

Indices	Apr 21	Apr 20
Gilt Edged Bargains	100.9	111.5
Equity Bargains	176.3	200.9
Equity Value	2355.4	2725.5
5-Day average		
Gilt Edged Bargains	100.2	100.9
Equity Bargains	192.9	200.5
Equity Value	2553.1	2735.1

London Raport and latest Shara Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	7,200	160½	+7	[illegible]	218	299½	-4½	Laporte	198	438	-2	Royal Bk of Scotland	422	382	+2
Allied-Lyons	1,100	439	-2	Courtaulds	1,800	315	+1	Legal & General	354	317	-1	Royal Insurance	266	408	
Amstrad	1,000	122	+2	Dalgety	58	355	-2	Lloyds Bank	531	341	+1	STC	805	310	
Argyll Group	6,800	190	+4	Dixons	6,500	148½	+½	LASMO	4,200	451	-3	Saatchi & Saatchi	656	209	+2
Ass. Brit. Foods	38	335		Eng. China Clays	303	515	+1	Lonrho	1,600	278	+1	Sainsbury	129	234½	+1½
BAA	375	369	+3	Enterprise Oil	2,900	543	+5	Lucas	528	611	-4	Scott & Newcastle	894	285	-5
BAT Inds	546	536	-1	FKI Babcock	1,700	166		MB Group	1,500	276	-2	Sears	4,100	120½	
BET	1,600	275	+5½	Fisons	1,900	312	+7	MEPC	1,600	545	+3	Shell Transport	8,498	404½	+2
BICC	213	479	+4	Gateway Corp.	1,700	191½	+5	Marks & Spencer	1,700	161½	-1½	Siebe	161	452	-2
BOC	709	484	-2	General Accident	647	935	-5	Maxwell Comm.	92	186		Slough Ests	256	322	
BPB Inds.	833	239	+1	General Elect.	5,094	230	-2	Midland Bank	224	435		Smith & Nephew	2,500	141½	+½
BTR	1,700	361	+½	Glaxo	1,600	1367	-6	Nat. West. Bank	1,200	584	-1	Smiths Industries	369	298	-3
Barclays	2,800	433	-2	Globe Inv.	1,500	167¼	+½	Next	2,200	144	-1	Standard Chartered	538	517	+2
Bass	353	921	+4	Glynwed Int.	213	306		Northern Foods	70	296		Storehouse	1,200	169	+1
Beecham	6,800	628	-7	Granada	561	358	-3	Pearl	129	405	+2	Sun Alliance	16	1118	+5
Blue Circle	2,350	516	+1	Grand Met.	1,100	560	+6	Pearson	47	707	+2	T&N	418	199½	-3½
Boots	1,000	280	+3	GUS A	119	1033	+6	P & O	1,200	655	-4	TSB	100	107	
Brit. & Comm.	1,000	281	+1	GRE	397	202	-1	Pilkington	1,400	241½	+1	Tarmac	100	291	
Brit. Aerospace	516	551	-11	GKN	158	363	-2	Plessey	1,900	261	-2	Tate & Lyle	100	239	+1½
British Airways	914	158	+1	Guinness	1,000	452	-1	Polly Peck Intl	1,900	313	+1	Taylor Woodrow	100	606	+6
British Gas	1,800	179½		Hammerson 'A'	333	783	-1	Prudential	1,998	175	-2	Tesco	2,000	160½	+2½
British Land	715	356		Hanson	9,915	184½	+1	RHM	167	365	-24	THORN EMI	554	662	-1
BP	7,960	283½	+½	Harrisons & Cros.	259	183½	+1½	RMC	536	648	+3	Trafalgar House	1,100	375½	-1½
British Steel	7,960	82½		Hawker Siddeley	310	678	+7	RTZ	2,100	515	-5	Trusthouse Forte	566	284	+1
British Telecom	1,400	262	-1	Hillsdown Hldgs.	1,100	259	-1	Racal	4,600	397	+4	Ultramar	1,000	304½	+½
Burmah Oil	131	543	+1	IMI	536	220		Rank Org.	321	911	+7	Unilever	457	539	+2
Burton	976	204	+1	Imp. Chem.	811	1174	+4	Reckitt & Colman	42	1119	-4	United Biscuits	4,400	321	-1
Cable & Wireless	1,092	492	-1	Inchcape	763	255	+2	Redland	729	517	-1	Utd. Newspapers	84	416	
Cadbury Schweppes	1,000	342	+½	Jaguar	118	298	-2	Reed International	1,500	380	-3	Wellcome	473	485	
Carlton Comms.	1,080	855	-6	Kingfisher	118	290	+5	Reuters 'B'	651	704	+11	Whitbread 'A'	78	362	
Commercial Union	1,300	373	+1	Ladbroke	2,000	552	+5	Rolls Royce	296	179	-½	Williams Hldgs.	1,100	254½	-3½
Cons. Gold Fields	874	1280	-25	Land Securities	818	552½	-2½	Rothmans	379	482		Wimpey	2,480	275	

Prey set to turn on predator

The early morning news of Rank Hovis Macdougall's dawn raid down under on the shares of Goodman Fielder Wattie, Sydney-based foods gronp, caught the market napping and dealers half-awake. "Bemusement" was how ona observer described the initial reaction to RHM's acquisition of 10.1 per cent of GFW and its plan to follow it up with a full bid worth £1.4bn. Dealers immediately marked RHM down nearly 30 points, before the shares settled at 365p, dowd 24 on turnover of 3.1m.

Two main concerns underpinned the fall in the RHM price: one, that the market could be flooded with RHM stock if the takeover succeeds (359m new shares will be issued to fund the offer); two, that opposition from either the regulatory authorities in Australia and New Zealand, or RHM's own shareholders, could scupper the hid.

Mr Carl Short, analyst at Kitcat & Aitken, said the key question was: "Whether RHM shareholders will vote to approve the hid; many appear to be viewing it as a tactical move, rather than a strategic one based on business criteria at present." This was a reference to the widely held view that RHM's bid could be a ploy to force GFW to sell its 29.9 per cent stake in RHM (acquired during its failed bid last August), possibly as part of a swap for RHM's stake in GFW.

Mr David Lang of Henderson Crosthwaite thought it unlikely that RHM's offer was a tactical ploy; more likely a serious attempt to win control of GFW. "This is the deal that Goodman Fielder wants to do, so if it's allowed by the politicians it all comes down to the price."

Boots a buy

Boots attracted buyers in early trading, seemingly on the back of a small deal in Italy to buy the rights to two drugs. A moro credible reason soon made itself apparent in the shape of an optimistic circular from Mr John Ballie, analyst at CL-Alexanders Laing and Cruickshank. "The impact of new management information systems on the retail side will put np margins dramatically," he said. "We are too conservative with our forecasts for final figures on June 8 and I expect to upgrade the current year's forecast."

Mr Michael Heery st Shearson Lehman reinforced this view of the company's prospects. As well as the benefits due from the new point-of-sale retailing technology, he identified the company's defensive qualities of low price tag for goods and strong asset backing as good reasons to have the stock. Both analysts reiterated their buy recommendations and the Boots price touched 282p before settling back to 280p, a net rise of 3, on a good turnover of 2.7m.

Friday's fuss over Beecham gave way to disappointment when a widely-anticipated bid announcement from Hoffmann-La Roche failed to materialise. Beecham shares slid to 627p before closing at 628p, a net fall of 7, in moderate turnover.

A busy 4.1m Fisons shares changed hands and the shares settled near the day's best at 312p, for a rise of 7. Dealers cited two reasons for the rise: Fisons have been overlooked during recent activity in the pharmaceutical sector in the wake of the Beecham-SmithKline Beckman merger plan, and that, as one of the smaller independent pharmaceutical companies, it might become a bid target.

ICI added 4 at 1174p ahead of the first-quarter figures, due on Thursday.

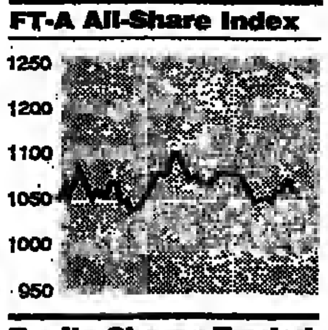
Tootal sprang few surprises with annual profits of £42.2m compared with £40.3m last time but the shares moved 2¼ higher to 129¼p, influenced by circumstances surrounding Mr Abraham Goldberg's shareholding of 24 per cent.

Mr Peter Hyde, a Kleinwort Benson researcher, said last week that he suspected the slow acculumation of the stake would continue for sometime before a bid was launched, although in the longer term a bid did look the most likely outcome. After studying yesterday's results some analysts felt Tootal could be keeping a little back in case of an offer from Mr Goldberg.

A 60 cents-a-barrel fall in oil prices and no news of a re-start of pumping from the field surrounding the Cormorant Alpha platform kept the pressure on the oil and gas sector.

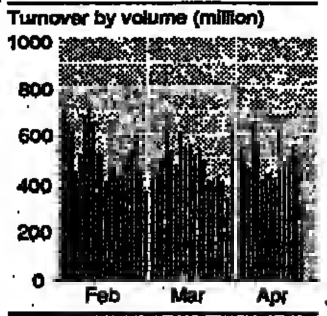
Turnover in the majors was well down on recent levels with only Shell (4.4m shares) turning over anything like usual activity. Shell settled a couple of pence up at 404½p boosted by demand from US securities houses.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Goal Petroleum held at 104p after news that on April 18 four of the directors exercised options totalling some 1.4m ordinary shares under the Share Option Scheme 1985 and subsequently sold 1.146m shares on that day at a price of 96p, compared with a closing market price that day of 100½p.

Kelt edged up to 56p after news of the latest disposal of the former Carless Capel downstream assets, this time the Pentagon speciality chemicals business for £14.6m, a good price, according to analysts.

The banks arena suffered more than most from the lack of activity. Standard Chartered made early progress, touching 520p on renewed and vague stories that Lloyds may come back with another hid for the bank, but then drifted off to close only a few pence ahead at 517p. Bank of Scotland slipped a couple of pence to 94p ahead of the preliminary figures schednled for Wednesday.

Composite insurers showed Sun Alliance 5 harder at 1118p after the gronp revealed its intention of establishing a new non-insurance company as ultimate holding company of the group. There were also stories in the market of the company attempting to "bid-proof" itself.

Costain advanced early in the session, reaching 318p before closing a net 5 higher at 316p. Market stories suggested there had been plenty of "switching" from Redland into Costain, although this could not he confirmed, and there were also whispers that the Trafalgar House stake, 8.4 per cent, could be on the move soon.

Among quietly traded retails stocks GUS, up 6 at 1033p, Ratners, 4 better at 213p, and W H Smith, the "A" variety 4 firmer at 286p, benefited from a Shearson Lehman Hutton note on the sector which singled the three out (with Boots) as worth supporting in a sickly sector.

Turnover in the leading electronics and telecommunications issues was at its lowest level for some time. GEC just headed the active stocks list in the sector with a paltry 3.1m sbares traded. The stock drifted back 2 to 230p - "dead," was the description of business offered by one trader. Plessey, where Allan Jones, director of defence systems announced his resignation yesterday, dipped the same to 261p on 1.2m.

Racal Electronics stood out against the rest of the sector after a "buy" recommendation issued by the electronics team at Nomura Research Institute. Mr Hank Powell and Mr Martin Mabbutt at Nomura, in a note labelled, "The rerating continues", say, "the market valuation of Racal has yet to fully reflect the benefits of its majority stake in Racal Telecom." The Nomura duo also noted that Racal are pursuing a sponsored ADR listing "which will lead to the US cellular valuation methodology being more fully reflected in the Racal share price," and that, "a programme of divestment and joint venturing is being actively pursued in the non-core business areas."

Racal Electronics managed a 4 gain at 397p while Racal Telecom put on 9 to 356p.

Farnell Electronics, reporting interim figures today, moved np 4 to 150p, while Molynx, dne to reveal preliminary numbers tomorrow, edged up 5 to 117p.

Further consideration of last Wednesday's preliminary figures conspired with an early stock shortage to add 13 to Hawker Siddeley but the shares later retreated in thin trading to close a net up 7 at 678p.

Retailers remained the focus of attention in the Foods sector as investors sought Asda and Gateway in hectic trading on hopes of hids and counter-bids. Asda, where another 18m shares changed hands, climbed 7 to 160¼p on further speculationthat a bid will be launched, either by A&P of the US or Aldi, a West German retailer. Sir James Goldsmith, the Anglo-French financier, was also mentioned as a possible stakebuilder.

The talk yesterday, as all last week, was of strong US West German interest in Asda. One analyst noted that such talk could involve just one predator, because a West German private supermarket group, Tengelmann, has a controlling stake in A&P. It is also believed that a West German retailer has recently been looking into the possibilities of making an offer for a quoted UK supermarket group.

Gateway, 5 better at 191½p on turnover of 20m shares, were buoyed by expectations that a bid could be launched to rival the existing 195p-a-share offer from Isosceles.

Press reports that the Goverment was considering the widespread irradiation of food liable to contamination boosted Isotron 29 to 236p in thin trade.

Haden Maclellan's £20m agreed bid for WA Holdings helped the latter put on 8 to 49p, compared with the offer price worth the eqnivalent of about 51p. Hadan closed a penny better at 227p, some 3 below the best of the day.

Really Useful followed the successful opening last week of its latest West End show with the £1m purchase of the copyright on a 21-year old musical. The price climbed 15 to 658p.

A stock shortage and vague talk of either management of levaged buyout plans boosted Prestwich Holdings to 130p before the price subsided to 128p, a net 5 better.

Ketson dropped sharply, losing 7 to 23p, with traders sounding none too optimistic about the annual results which are due any time now. Serif Cowells also weakened to close a further 13 down at 123p, still reflecting the warning of reduced profits owing to problems with the printing division.

Addison Consultancy hardened to a new peak of 46¼p amid speculation that the two rival stakebuilders were attempting to increase their holdings. Motivaction, the French group, holds 21.7 per cent of the Addison equity and MAI 15.6 per cent.

JMD greeted the bounce back to profitability and intention to resume dividend payments in the current year hy rising to 44p but enthusiasm soon waned and the shares reacted to close with little change on the session at 40p.

After its shares were suspended at 98p property group Marler Estates announced it had received a hid approach; the market helieves Marler is in discussions with Conrad Holdings, the group run by Mr John Duggan, the former chief executive at Mountleigh. Conrad Holdings ended a touch better at 110p. Randsworth Trust added 4 at 273p on talk that Priest Marians (434p) was adding to its 4.2 per cent holding.

The latest acceptances (nearly 83 per cent) and extension of the Hambros offer for Hambros Investment Trust left shares of the latter 3¼ up at 301½p. British Empire Securities (46½p) hardened following the first-half return to profitability while American Trust (136p) improved after news that Lincoln County Council beld a stake of 10.47 per cent.

Lonrho were quoted ex the one-for-six scrip issue but few investors seemed to care and after minimal trade the shares ended at 278p, virtually unchanged after tbe adjustment.

Business in traded options fell back to the unsually low level of 18,748 contracts, made up of 11,895 calls and 6,853 puts. Turnover in the FT-SE 100 Index came to 4,220 contracts, consisting of 2,640 calls and 1,580 puts. TSB attracted 899 calls and 600 puts, to lead the field of individual stocks. PLessey saw 1,307 contracts and Cadbury Schweppes 1,179, while Consolidated Gold Fields attracted 878 contracts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

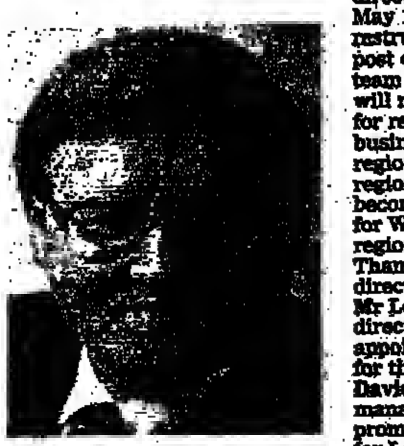
NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (88).
AMERICANS (8) Ameritech, American T. & T., Campbell Soup, Dana Corp., Houston Inds., Southwestern Bell, Texaco, Utd Tech., Whitman Corp., CANADIANS (3) Derlan Inds., Inland Gas, BANKS (1) Capt. Leasing, BREWERS (1) Macolin-Glenlivet, BUILDINGS (1) Cowin Grp., CHEMICALS (2) Leigh Ints, Spc Rd Prt, Viking Packaging, STORES (5) Carters, Do. "A", Liberty, Do. Non-Vtg., Mallett, ELECTRICALS (8) ASEA AB "B", Bulgin "A", First Tech., Micro Focus, Misys, Molynx, Racal Telecom, Sanderson, ENGINEERING (2) Edbro, Haden MacLellan, FOODS (2) ASDA, Gateway, Goodman Fld. Watt., INDUSTRIALS (22) Abbeycrest, Aberfoyle, Alfa-Laval AB "B", Amer Bus. Syst., Avis Europe, Baynes (Charles), Boots, Brit. Fittings, Brit. Syphon, Dean & Bowes, Fisons, Hay (Norman), Isotron, Page (Michael), Portmeirion Pots., RCO, Rolfe & Nolan, Rural Planning, Schlumberger, Sycamore, W.A. Hldgs., Waterman Part., Young (H.), INSURANCE (3) Amer. Intl., Travelers, Utd Friendly "B", LEISURE (4) Cityvision, Classic Th'breds, Prestwich, Really Useful Grp., MOTORS (1) Airflow Streamlines, PROPERTY (1) Parkdale Hldgs., SHIPPING (1) Southampton I.O.W., SOUTH AFRICANS (1) Anglo Am. Ind., TEXTILES (1) Gaskell B'loom, TRUSTS (3) (6) Arabex Pet., Chevron, Gaelic Res., Total-Cie, Triton Europe, Tuskar Res., OVERSEAS TRADERS (1) Cons Alex, MINES (12) THIRD MARKET (1) Vista Ents.

NEW LOWS (19).
BANKS (3) ANZ, Sumitomo Bank, TSB, BUILDINGS (1) Carron Phoenix, STORES (1) Stirling Grp., ELECTRICALS (1) Macro 4, INDUSTRIALS (4) Belacom, Fuel Tech., Hestair, Wills Grp, LEISURE (1) Juliana's Hldgs., PAPERS (2) Kelson, Serif Cowells, PROPERTY (1) Warringtons, MINES (4) Bond Corp., Dragon Res., Duke Grp., Elders Res., THIRD MARKET (1) Moray Firth.

APPOINTMENTS

Rediffusion Simulation chairman



Mr Jeff Sandiford *(above)* has joined REDIFFUSION SIMULATION, Crawley, as chairman and managing director-designate. He will take over from Mr Derek Young after a period of familiarisation. Mr Young will remain a director and adviser to the new chairman. Mr Sandiford was chairman of Singer Miles-Link. Rediffusion Simulation was acquired last year by Hughes Aircraft Company and is part of the training and support systems group based in Long Beach, California.

Restructure at Midland

■ MIDLAND BANK has appointed five corporate directors in UK banking from May 1 as part of a management restructuring phasing out the post of regional director. The team of 12 corporate directors will now have responsibility for relationships with the business community in their regions. Mr Elfed Roberts, regional director for Wales, becomes corporate director for Wales. Mr John Massey, regional director for north Thames, is made corporate director for the home counties. Mr Leonard Hazzel, corporate director for London south, is appointed corporate director for the City and West End. Mr David Shelley, a corporate area manager for the City, is promoted to corporate director for London south. Mr Adrian Neaves, managing director of Griffin Factors, is to be corporate director for the West Midlands.

■ LLOYDS INVESTMENT MANAGERS has appointed Mr Michael Boggis as a director responsible for direct property investment. He was managing director of Allied Dunbar Property Funds. He also becomes a director of parent company Lloyds Merchant Bank.

■ Mr Peter Howarth has been appointed managing director of CALMIC SERVICE UK and Calmic Service Ireland. He was divisional manager for Wellcome Hygiene, now known as Calmic Service UK, part of the Wellcome Foundation.

■ PEGSON, Leicester, has appointed Mr Alan Richards as deputy managing director. He was technical director.

■ Mr Wallace Stein has been appointed a director of BALTIC from May 2. Formerly a director of Forward Trust Group, he will be responsible for asset financing activities.

Chief executive at Singer & Friedlander

■ Mr John Hodson has been appointed chief executive of SINGER & FRIEDLANDER LTD as part of a long-term planned succession at the merchant banking group, *writes David Lascelles, Banking Editor*. Mr Tony Solomons, currently the group chairman and chief executive, reaches retiring age of 60 in January 1990. He will remain chairman of the group and non-executive chairman of its subsidiaries until that time. Mr Hodson takes over as chief executive of the bank and the holding company. Mr Hodson, who is 42 and has been with Singers for 20 years, was previously in charge of its investment management activities. He said yesterday that he intended to pursue the policies which had enabled Singers to flourish as an independent merchant bank and achieve steady growth in profits and assets.

Senior post in Welsh banking

■ Mr Richard Eric Cave has been appointed managing director and chief executive of JULIAN HODGE BANK, Cardiff. He has been with the Hodge Group since 1966. The group was acquired by the Standard Chartered Bank in 1973. In 1975 Mr Cave was appointed managing director of Forthright Finance, wholly-owned instalment credit subsidiary of the then Commercial Bank of Wales, which in turn was an associate company of the Hodge Group. He was appointed to the main board of Bank of Wales Group in 1978 and a non-executive director of The Carlyle Trust in 1986.

■ PARRISH STOCKBROKERS has promoted Mr Jeremy Harris-St John to assistant director.

■ Mr Andrew Dare, managing director of the St Ivel Group, and on the main board of Unigate, has become president of the DAIRY TRADE FEDERATION.

■ Mr Steve Turner has been appointed to the board of CLARKE HOMES, a BICC company in the Balfour Beatty Group.

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows. ψ - 0001 to 1100 hours; ◆ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Consol & Equity	5	63.80	66.46	70.71	+0.07	0.81
European	5	62.56	62.93	66.95	+0.07	0.19
Far Eastern	5	59.27	59.28	63.07	+0.11	0.87
Growth Inc	5	88.59	91.80xd	97.66	+0.15	1.44
Growth Acc	5	88.59	91.80xd	97.66	+0.15	1.44
Income Inc	5	81.51	83.33	88.65	+0.29	5.54
Income Acc	5	81.53	83.33	88.66	+0.29	5.54
Property Share	3	54.18	54.18	57.73	+0.14	1.09
Smaller Co's	5	58.64	61.78	65.72	+0.04	1.47

Formerly RBC Trust Managers Ltd

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Nth American	5	55.75	55.75	59.61	+0.08	2.70
International	5	46.27	45.27	48.40	+0.22	1.45

Wright Seligman Fund Mngs Ltd (1000)H
11 Blomfield St, London EC2M 7AY 01-588 0592

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5	96.86	96.86	101.86	....	3.92

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602290

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Yorkshire General	5¼	62.98	64.32	68.43	+0.44	2.80
YUTG UK Eqty In. Tst	5¼	59.43	61.58	65.51	+0.11	4.67
YUTG Intl Gwth Tst 4	5¼	47.64	47.64xd	50.86	-0.01	1.08

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Int'l Eqpt April 19 1451.9 470.5

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

Inv Fund Mar 31	498.00		----	4.76
Fxd Int Ser Mar 31	142.20		----	10.06
Deposit Mar 31	100.00		----	12.56

Charities Official Invest. Fund‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

Income Mar 31	472.94		----	5.05
Accum Mar 31	1541.14		----	—

Edinburgh Fund Mngrs PLC

INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Int. Dep. Acc	258.2	271.8	+0.2	—
Equity Acc	819.7	862.9	+0.3	—
Property Acc	486.1	511.7	+0.1	—
Far East Acc	195.8	206.2	-0.7	—
European Acc	21.7	22.9	—	—
Managed Acc	648.5	682.7	+0.4	—
Managed Cap	368.8	388.3	+0.2	—
O'seas Earnings Acc	545.1	573.8	+0.7	—
Gilt Edged Acc	310.0	326.4	+0.3	—
American Equity Acc	421.4	443.6	+3.1	—
American Man. Acc	195.8	206.2	+1.4	—
American Prop Acc	138.0	145.3	+0.2	—
Pen F.I. Dep. Cap	284.5	299.5	+0.2	—
Pen F.I. Dep. Acc	484.6	510.2	+0.3	—
Pen. Prop. Cap	569.0	599.0	—	—
Pen. Prop. Acc	1071.2	1127.6	+0.4	—
Pen. Man. Cap	793.1	834.9	+0.3	—
Pen. Man. Acc	1492.4	1571.0	+1.0	—
Pen. Gilt Edg. Cap	312.4	328.9	+0.3	—
Pen. Gilt Edg. Acc	480.4	505.7	+0.6	—
Pen. Eq. Cap	1297.9	1366.3	+0.5	—
Pen. Eq. Acc	1851.2	1948.7	+1.3	—
Pen. Am. Eq Cap	135.1	142.3	+1.5	—
Pen. Am. Eq Acc	162.4	171.0	+0.7	—
Pen. Far East Cap	251.7	263.9	-0.6	—
Pen. Far East Acc	278.5	293.2	+0.7	—
Pen Euro Cap	24.1	25.4	+0.2	—
Pen. Euro Acc	26.1	27.5	-0.2	—
Pen O.S. Acc	929.8	966.3	+0.9	—
Pen. O.S. Cap	319.5	335.5	+0.3	—
Pen. D.A.F. Acc	371.5	371.5	+0.4	—
Pen. D.A.F. Cap	251.4	251.4	+0.2	—
Pen. Mortgage Cap	142.9	150.5	+0.1	—
Pen. Mortgage Acc	171.8	180.9	+0.2	—

Barling Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Pen Equ Cap	27.1	28.6	+0.1	—
Pen Equ Acc	28.1	29.6	+0.1	—
Pen Am Eq Cap	29.7	31.3	+0.2	—
Pen Am Eq Acc	30.7	32.4	+0.2	—
Pen Far East Cap	29.6	31.2	-0.1	—
Pen Far East Acc	30.6	32.3	-0.1	—
Pen Euro Cap	32.8	34.6	—	—

Continued on next page

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Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	113.0	119.0	-1.0	–
Building Soc. Fd.	169.0	178.0	.....	–
Balanced	277.0	292.0	.....	–
European	161.0	170.8	.....	–
GT Managed	165.0	174.0	+12.0	–
Gartmore Mngd	113.0	119.0	.....	–
German	112.0	118.0	-1.0	–
Gilt	175.0	185.0	.....	–
Global	48.0	51.0	.....	–
High Inc.	117.0	124.0	.....	–
International Equity	185.0	195.0	.....	–
Japan	237.0	250.0	-1.0	–
Managed	65.0	67.0	.....	–
Property	276.0	291.0	.....	–
R. W. Imperial Gold	139.0	147.0	.....	–
UK Equity	372.0	392.0	+2.0	–
Pension Funds				
American	143.0	151.0		–
Building Soc. Fd	168.0	177.0		–
Balanced	213.8	225.0		–
European	160.0	169.0		–
German	105.0	109.0		–
Gilt	148.0	156.0		–
International Equity	137.0	145.0		–
Japan	135.0	143.0		–
Managed	63.0	67.0		–
Property	213.0	225.0		–
UK Equity	333.0	351.0	+5.0	–

Prolific Life & Pensions Ltd
Stramongate Kendall Cumbria LA9 4BE 0539 33733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Gwth Mngd	566.0	596.5	+2.7	–
Adventurous Mngd	119.8	126.3	+0.7	–
Secure Mngd	105.8	111.5	+0.1	–
Cash Fd	230.6	243.0	-0.0	–
Property Fund	282.2	300.3	+0.0	–
Equity Fund	628.6	662.4	+4.0	–
Fxd Int. Fund	295.1	311.0	+0.2	–
International	274.5	292.1	+0.8	–
High Income	461.3	490.8	+7.7	–
Far East	426.0	448.9	-0.0	–
North American	253.0	266.6	+6.4	–
Special Sits	590.1	621.9	+9.3	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Apr 12	£148.76	153.39	.....	–
Equity Apr 12	£163.06	168.930	.....	–
International Apr 12	£24.23	24.94	.....	–
Intl Bond Apr 12	£11.34	11.50	.....	–
Fixed Int Apr 12	£71.21	72.25	.....	–
Index Linked Apr 12	£59.90	60.83	.....	–
Property Apr 12	£107.30	113.77	.....	–
Cash Apr 12	£20.5099	20.5099	.....	–
Pru-Linked Retirement Plan				
Managed Apr 12	371.2	386.7	.....	–
Cash Apr 12	192.8	200.9	.....	–
Prudential Pensions Investment Account				
Pens Mngd Apr 21	149.9	157.8	-1.9	–
Pens UK Eq Apr 21	292.6	308.1	-4.7	–
Pens Intl Apr 21	173.8	183.0	-0.6	–
Pens Fixed Apr 21	163.1	171.7	-0.6	–
Pens Index Lk Apr 21	152.0	160.1	-2.1	–
Pens Cash Apr 21	126.0	132.7	.....	–

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd	116.2	122.3	.....	–
Balanced Ptflio Fd	305.8	321.8	.....	–
Cautious Ptflio Fd	119.0	126.1	.....	–
Elite Fund	105.2	110.7	.....	–
European Fund	80.9	85.1	.....	–
Far East Fund	108.5	114.2	.....	–
Fixed Interest Fund	239.3	251.8	.....	–
International Fund	254.9	267.7	.....	–
Money Fund	174.0	183.9	.....	–
N American Fd	111.2	117.0	.....	–
Property Fund	412.6	434.5	.....	–
UK Equity Fd	374.5	394.2	.....	–
A I.M. Brewin Dipln Fd	90.9	99.7	.....	–
Swim Select Invs	109.1	114.8	.....	–
Chart Safety First Bd.	108.0	113.7	.....	–
Exec Master Fd.	90.8	95.6	.....	–
Hardwick Growth Fd	108.9	114.6	.....	–
Bentley Haig LR Port.	96.5	101.6	.....	–
Milbourne Spec Port.	109.0	115.6	.....	–
Swim Global Fd	108.7	114.4	.....	–
Hardwick 7% Fd	71.6	75.4	.....	–

All funds have equivalent pension fund Series 2 prices

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99½	97	Treas 3pc 1989	99½xd	.....	-	-
99	99	Treas 10½pc 1989	99	+	10.53	12.45
99¼	98	Exch 10pc 1989	99¼	+	10.08	12.87
99	99	Exch 11pc 1989	99	+	11.09	12.71
97	95	Treas 5pc 1986-89	97¼	.....	5.14	10.87
99½	99	Exch 10¼pc Cv '89	99¼xd	.....	10.30	11.13
101	100¼	Treas 13pc 1990‡‡	100	+	12.96	12.46
99	98	Exch 11pc 1990‡‡	98	+	11.12	12.42
101	99	Exch. 12½pc 1990	99	+	12.50	12.46
93	91	Treas. 3pc 1990	93xd	-	3.21	9.89
96	95	Treas 8¼pc 1987-90‡‡	96	+	8.58	11.98
98	95	Treas. 8pc Cv 1990 ‡	95	+	8.34	11.66
98	97	Treas. 10pc Cv 1990	97	+	10.28	12.00
90	87	Exch 2½pc 1990	89xd	-	2.79	9.75
101	99	Treas 11¾pc 1991	99	+	11.77	11.83
91	89	Funding 5¾pc '87-91‡‡	91	.....	6.29	10.78
88½	86	Treas. 3pc 1991	87xd	-	3.42	9.81
100	96	Treas 10pc Cv '91 ‡‡	97	+	10.31	11.58
101	98	Exch. 11pc 1991	98	+	11.14	11.60
94	91	Treas. 8pc 1991	92	+	8.68	11.55
106	102	Treas 12¾pc 1992‡‡	103	+	12.34	11.28
99½	96½	Treas 10pc 1992	96	+	10.33	11.34
94	91½	Treas 8pc 1992 ‡	91	+	8.71	11.31
100	97	Treas 10½pc Cv 1992‡‡	98xd	+	10.71	11.26
85	82¼	Treas. 3pc 1992	83	-	3.59	9.18
105	102	Exch 12¼pc '92	102½	+	11.94	11.30
109¼	105	Exch 13½pc 1992	106	+	12.71	11.22
94	90	Treas 8¼pc 1993	91	+	9.03	11.08
100	96	Treas 10pc 1993‡‡	97	+	10.30	10.90
108¼	104	Treas 12½pc 1993‡‡	104	+	11.90	10.97
87¼	84¼	Funding 6pc 1993‡‡	84	+	7.08	10.40
113	109	Treas 13¾pc 1993‡‡	110xd	+	12.50	10.91
94½	90	Treas. 8½pc 1994	91	+	9.32	10.92
117	113	Treas 14½pc 1994‡‡	114	+	12.72	10.49

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
113	109	Exch 13½pc 1994	109xd	+	12.30	10.90
100	96	Treas. 10pc Ln. 1994‡‡	97	+	10.29	10.73
110¼	106	Exch. 12½pc 1994	106	+	11.74	10.87
96	92	Treas 9pc 1994‡‡	93xd	+	9.66	10.65
108	104	Treas 12pc 1995	104	+	11.45	10.83
79	74½	Exch 3pc Gas 90-95	74½xd	-	4.03	8.50
101	97	Exch. 10¼pc 1995	97	+	10.47	10.72
113	109	Treas 12¾pc 1995‡‡	109xd	+	11.64	10.68

BRITISH FUNDS—Contd

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
45	42	Consols 4pc.	43	+	9.21	-
40	38	War Loan 3½pc‡‡	38	+	9.06	-
70	60	Conv. 3½pc '61 Aft.	66	+	3.27	-
41	31	Treas. 3pc '66 Aft.	36½	+	8.22	-
30¼	26	Consols 2½pc.	27	+	9.05	-
29½	26	Treas. 2½pc.	27	+	9.15	-

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
128	124	Treas 2pc IL '90(84.6)	128	+	-	2.90
106	103	Do. 2pc '92‡‡(97.8)	105		2.90	3.86
99	94	Do. 2 '94 (102.9)	97xd	+	3.18	3.72
145	139	Do. 2pc '96(67.9)	143	+	3.29	3.68
124	118	Do 2½pc '01(78.3)	122	.....	3.45	3.70
122	115	Do. 2½pc '03(78.8)	120½xd	.....	3.50	3.73
125	117	Do. 2pc '06(69.5)	123	-	3.52	3.71
117	110	Do. 2½pc '09(78.8)	115xd	.....	3.50	3.70
123	114	Do. 2½pc '11(74.6)	120	-	3.52	3.69
102½	95	Do. 2½pc '13(89.2)	99	.....	3.51	3.66
110	101	Do. 2½pc '16(81.6)	107	.....	3.47	3.61
108	100	Do. 2½pc '20(83.0)	105	.....	3.43	3.56
91	84	Do. 2½pc '24‡‡(97.7)	88	.....	3.40	3.53

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989: 112.3.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

Undated

AMERICANS

1989 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
33	26	Abbott Laboratories	32xd	+	$1.20	-	2.2
537p	361p	Allegheny & W 1c	487p	-8	30c	-	3.6
13	13	Amax $1	14	.....	40c	-	1.6
11	956p	Amdahl 5c	11xd	.....	10c	-	0.5
31	25½	Amer Cyanamid $5	31	+	$1.20	-	2.3
19¼	14	Amer. Express 60c	19xd	+	84c	-	2.3
12	854p	Amer Medical Int. $1	12	-	72c	-	3.3
20¼	15¼	American T. & T. $1	20¼	+	$1.20	-	3.5
32	26	Ameritech $1	32	+	$2.92	-	5.3
14	9	BankAmerica $1	14¼	.....	60c	-	2.5
25	19	Bankers N.Y. $1	25xd	+	$2.08	-	4.7
46½	38½	Bell Atlantic $1	46½	+	$4.08	-	3.1
25	19	BellSouth Corp.	25½	+	$2.36	-	5.4
15	12	Bethlehem Steel $8	13xd	.....	-	-	-
11	929p	Bio-Rad Labs. A.	13	-	-	-	-
17	15¼	Bowater Inc.	15	.....	$1.12	-	3.9
12	9	Brunswick 75c	11½xd	.....	44c	-	2.2
33	28	CPC Intal. 25c	33	+	$1.60	-	2.8
19¼	17	CSX $1	18	+	$1.24	-	3.8
798p	333p	California Engy	604p	+9	-	-	-
25½	17¼	Campbell Soup 15c	25	+	92c	-	2.1
22	15	Chase Manhattan $12½	21	+	$2.36	-	6.4
21½	17	Chem. Banking Corpn.	21	+	$2.72	-	7.6
16	14	Chrysler $6¼	14xd	-	$1.20	-	4.9
17	14	Citicorp $1	17½xd	.....	$1.48	-	4.9
230p	162p	CityFed Fla. Corp.	169p	-6	4c	-	1.4
29	25	Colgate-Palmolive $1	20xd	+	$1.48	-	3.1
21½	16	Cons Freightways 62½c	18½	+	98c	-	3.1
13	10	Cont'l Bank Corp $4	12	.....	8c	-	0.4
387½p	300p	Corporate Data Scnce	337p	.....	-	-	-
386p	278p	Cullinet Sftwr 1c	282p	-16	-	-	-

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	129p	♥ABM Gold Corp ‖	115p	+6	–	–	–
20¼p	4½p	♥Abbot Energy Corp.	18¼p	+¼	–	–	–
13¼	902p	♥Amer. Barrick Res.	12⅝	+¼	–	–	–
3¼p	2½p	♥Amer. Lightwave ‖	2½p	.....	–	–	–
19½p	12¼p	♥Armeno	17¼p	.....	–	–	–
307p	94p	♥Asiamerica Hldgs ‖	295p	–12	–	–	–
33¼p	21p	♥Augmitto Expln	21½p	+½	–	–	–
14⅝	12⅞	Bk. Montreal ‖	14½	.....	$2.12	–	7.0
762p	655p	Bk Nova Scot. ‖	743p	.....	84c	–	5.4
18½	17	BCE ‖	10⅛	.....	$2.44	–	6.3
768p	570p	♥Bow Valley ‖	756p	.....	♦40c	–	2.5
14¼	12⅛	♥Brascan ‖	13⅝	+⅛	88c	–	3.1
228p	175p	♥Breakwater Res	180p	+3	10c	–	2.7
14	11¼	Can Imp Bank ‖	13¼	.....	$1.16	–	4.1
12¼	997p	Can. Pacific ‖	11½	.....	76c	–	3.2
41½	38½	Do. 4pc Deb £100.	41½	.....	4%	–	9.6
511p	374p	Central Capital "A" ‖	468p	+7	–	–	–
448p	340p	♥Corona Corp	388p	+1	–	–	–
373p	228p	♥Cons TVX Min	320p	+1	–	–	–
48½p	19½p	♥Danbus Mem Syst ‖	20p	–1½	–	–	–
640p	524p	♥Derlan Inds ‖	640p	+7	11.75c	–	0.9
953p	751p	♥Echo Bay Mines	837p	+8	$0.07	–	0.4
572p	370p	♥ECO Corp ‖	425p	+32	–	–	–
234p	192p	♥Galactic Resources	224p	+32	–	–	–
330p	243p	Gandalf Techs. Inc.	243p	–8	–	–	–
54½p	27½p	♥Geodome Res	36½p	+3	–	–	–
193p	138p	Granges Expln ‖	133p	+1	–	–	–
27½p	6p	♥Gt Pacific Res.	14¼p	+1½	–	–	–
783p	651p	♥Gulf Canada ‖	780p	.....	52c	–	3.2
12½	10¼	♥Hawker Sid Can ‖	12⅛	+⅛	$1.08	–	4.2
611p	348p	♥Henlys Group	591p	+1	–	–	–
15⅛	11½	♥Hudson's Bay ‖	12⅞	.....	60c	–	2.2
28¼	23	♥Imperial Oil ‖	27⅛	+⅛	$1.80	–	3.2
18⅞	14¼	Inco ‖	17⅞	+⅛	s$0.80	–	2.6
683p	599p	♥Inland Nat. Gas $1	683p	+7	60c	–	4.2
250p	102p	♥Madeleine Mines	224p	–5	–	–	–
193p	163p	♥Muscocho Expln	175p	+1	–	–	–
126p	85½p	♥Nevada Goldfields	118p	+5	–	–	–
12⅛	10⅞	♥Rio Algom	12⅛	–⅛	$1.30	–	5.2
20	17¼	Royal Bk. Can ‖	19⅞	.....	$2.20	–	3.3
42¼	33½	Seagram ‖	42¼	.....	US$1.40	–	1.9
112p	74½p	♥Sonora Gold Corp ‖	89p	–2	–	–	–
85p	33p	♥Spiral Eng ‖	59p	–5	–	–	–
109p	73p	♥Tam Pure Tech Corp ‖	93½p	.....	–	–	–
19½	16¼	Toronto-Dom. Bk. ‖	19⅛	.....	$1.12	–	2.8
820p	636p	♥Trans Can Pipe	800p	+8	68c	–	4.1
183p	134p	Varity Corp ‖	167p	+5	8	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

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LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✢ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- ∥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ✢ Not comparable
- ✢ Same interim; reduced final and/or reduced earnings indicated
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✢ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p. γ	93	.....
Craig & Rose £1 γ	720	.....
Finlay Pkg. 5p γ	91	.....
Holt (Jos) 25p γ	1275	-5

IRISH

Cap. 9½% Ln 1991	£100¾	.....
9pc Cap Ln 1996	£100	.....
Fin. 13% 97/02	£120	.....
Arnotts	456	.....
Carroll (P.J.) γ	152	-3
Hall (R & H.)	153	-2
Heiton Hldgs. γ	77	.....
Irish Ropes	190	-10

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	54
Beecham	48
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord.	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	13
Midland Bk	35
Morgan Grenfell	28
NEI	15
Nat West Bk	45
P & O Dfd	40
Plessey	13
Polly Peck	28
Racal Elect	25
RHM	52
Rank Org Ord	65
Reed Intnl	30
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	13
Wellcome	42

Property

Brit Land	50
Land Securities	52
MEPC	50

Oils

Brit Petroleum	21
Do Int. Certs	12
Burmah Oil	43
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty depresses D-Mark

THE WEST German D-Mark lost ground in currency markets yesterday as investors switched their attention to the Japanese yen and the US dollar.

Sentiment was undermined by suggestions that the Japanese central bank may increase its discount rate in respoose to uncertainty over the Recruit Cosmos share scandal which has undermined confidence in the Japanese administration. There is also concern that the authorities may push rates firmer, after the imposition of a new sales tax led to a sharp rise of 1.5 per cent rise in Japanese wholesale prices in the first 10 days of April over the corresponding period in March.

Investors are also cantious because many feel tbat an announcement about the West German 10 per cent withholding tax, expected on Thursday, will recommend a revision to the unpopular tax, rather than its removal.

The D-Mark was down to Y70.80 by midday yesterday from Y71.08 on Fridsy and slipped further in the afternoon to finisb at Y70.71. It was also weaker against the Swiss franc, following news of an increase in several Swiss time deposit rates, and the Swiss franc edged up to DM1.1330 from DM1.1320 previously.

Weakness in the D-Mark balped the dollar to show an overall improvement in an otherwise featureless market. Traders are waiting for the release of US durable goods orders today for March and first quarter Gross Nstional Product data due tomorrow.

With many investors remaining on the sidelines, the dollar lacked sufficient impetus to test resistance at DM1.8640, and closed at DM1.8610, still well up from the close on Friday of DM1.8485. It was also slightly firmer against the yen at Y131.60 from Y131.40. Elsewhere, it finished at SFr1.6425 from SFr1.6325 and FFr6.3050 compared with FFr6.2725. On Bank of England figures, the dollar's exchange rate index rose from 67.7 on Friday to 67.9.

Sterling traded very steadily; its exchange rate index opened and closed at 95.4 compared with 95.5 on Friday. Investor interest in the pound has been subdued by the proximity of UK March trade figures, due for release tomorrow. A figure much above the median forecast of a £1.5bn current account deficit will renew downward pressure on the pound and increase the possibility of a rise in bank base rates.

However, the pound retained its stability, because the current high level of UK rates and the threat of a further rise have comhined to make it extremely expensive to run short sterling positions.

The pound fell against the dollar to $1.7050 from $1.7150 but improved slightly in D-Mark terms to DM3.1725 from DM3.1700. However, it lost ground against the yen to Y224.25 from Y225.25, and finished elsewhere at FFr10.7500 from FFr10.7575. It was unchanged against the Swiss franc at SFr2.8000.

The French franc remained underpinned by the relatively high level of French interest rates and investor confidence in the French economy. The D-Mark fell to FFr3.3880 from FFr3.3915 on Friday.

£ IN NEW YORK

Apr.24	Latest	Previous Close
£ Spot	1.7055-1.7065	1.7130-1.7140
1 month	0.39-0.38pm	0.42-0.40pm
3 months	1.29-1.27pm	1.35-1.33pm
12 months	4.24-4.14pm	4.43-4.36pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.24	Previous
8.30 am	95.4	95.5
9.00 am	95.4	95.4
10.00 am	95.4	95.6
11.00 am	95.4	95.7
Noon	95.4	95.7
1.00 pm	95.4	95.5
2.00 pm	95.4	95.5
3.00 pm	95.4	95.5
4.00 pm	95.4	95.5

CURRENCY RATES

Apr.24	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.760512	0.654546
U.S. Dollar	7	1.30770	1.11908
Canadian $	12.39	1.55132	1.32868
Austrian Sch.	5	16.9988	14.6398
Belgian Franc	7.75	50.6276	43.5293
Danish Krone	7½	N/A	8.80757
Deutsche Mark	4.50	2.41676	2.07902
Neth. Guilder	5.50	2.72917	2.34614
[illegible]			

*All SDR rates are for Apr.21

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for Apr 21.

OTHER CURRENCIES

[illegible]

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5293	+2.52	+0.84	±1.5344
Danish Krone	7.85212	8.08757	+3.00	+1.32	±1.5404
German D-Mark	2.05853	2.07902	+1.00	-0.68	±1.0981
French Franc	6.90403	7.04515	+2.04	+0.36	±1.3674
Dutch Guilder	2.31943	2.34616	+1.15	-0.53	±1.5012
Irish Punt	0.768411	0.779736	+1.47	-0.21	±1.6684
Italian Lira	1483.58	1525.08	+2.80	+1.82	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7040 - 1.7185	1.7045 - 1.7055	0.41-0.38cpm	2.78	1.29-1.25pm	2.98
Canada	2.0245 - 2.0380	2.0265 - 2.0275	0.10pm-0.01cdis	0.27	0.39-0.23pm	0.61
Netherlands	3.57¼ - 3.58½	3.57½ - 3.58½	1⅝-1½cpm	6.08	5⅝-5⅜pm	6.15
Belgium	66.20 - 66.55	66.35 - 66.45	27-24cpm	4.61	83-78pm	4.85
Denmark	12.32 - 12.36¼	12.34 - 12.35	4⅛-3⅝orepm	3.89	13¼-12⅜pm	4.15
Ireland	1.1865 - 1.1930	1.1895 - 1.1905	0.45-0.40ppm	4.29	1.30-1.20pm	4.20
W. Germany	3.16½ - 3.17¼	3.17 - 3.17½	1⅜-1⅝pfpm	6.38	5¼-5⅛pm	6.54
Portugal	261.55 - 263.90	262.90 - 263.90	12-16cdis	-0.64	31-58dis	-0.68
Spain	196.90 - 197.65	197.00 - 197.30	19-8cpm	0.82	47-32pm	0.80
Italy	2323¼ - 2337¼	2326½ - 2337½	3-1lirepm	1.03	8-6pm	1.20
Norway	11.50¼ - 11.54¼	11.50¼ - 11.51¼	1⅞-1⅛orepm	1.63	6¼-5⅜pm	2.12
France	10.73¼ - 10.76¼	10.74½ - 10.75½	3⅞-3⅝cpm	4.18	11⅞-11⅜pm	4.33
Sweden	10.77¼ - 10.81	10.78¼ - 10.79¼	1¼-1⅛orepm	1.74	4⅞-4⅛pm	1.64
Japan	223¼ - 225¼	223¼ - 224¼	1⅝-1½ypm	8.36	4⅝-4½pm	0.14
Austria	22.26 - 22.33	22.31 - 22.34	11¼-10¼gropm	6.05	35¼-33¼pm	6.19
Switzerland	2.79 - 2.80½	2.79½ - 2.80½	1½-1¼cpm	5.89	4½-4¼pm	6.25

Belgian rate is convertible francs. Financial franc 66.60-66.70. Six-month forward dollar 2.48-2.43cpm 12 months 4.30-4.20cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7040 - 1.7185	1.7045 - 1.7055	0.41-0.38cpm	2.78	1.29-1.25pm	2.98
Ireland†	1.4310 - 1.4435	1.4315 - 1.4325	0.18-0.23cdis	-1.71	0.45-0.55dis	-1.39
Canada	1.1860 - 1.1895	1.1885 - 1.1895	0.23-0.27cdis	-2.52	0.68-0.74dis	-2.39
Netherlands	2.0815 - 2.1010	2.0995 - 2.1005	0.55-0.53cpm	3.09	1.65-1.61pm	3.11
Belgium	38.65 - 39.00	38.90 - 39.00	6.50-5.00cpm	1.73	19.00-16.00pm	1.75
Denmark	7.18¾ - 7.24¼	7.23¼ - 7.24¼	0.80-0.55orepm	1.12	2.30-1.95pm	1.18
W. Germany	1.8455 - 1.8630	1.8605 - 1.8615	0.57-0.55pfpm	3.59	1.64-1.60pm	3.47
Portugal	153.50 - 154.05	153.95 - 154.05	30-45cdis	-2.92	100-150dis	-3.25
Spain	114.95 - 115.60	115.50 - 115.60	15-25cdis	-2.08	60-70dis	-2.25
Italy	1356 - 1365½	1364½ - 1365½	1.90-2.40liredis	-1.89	5.90-6.40dis	-1.81
[illegible]						

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.05-39.15.

EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years 10⅛-10⅛ per cent; three years 10⅛-10⅛ per cent; four years 10⅛-10⅛ per cent; five years 10⅛-10⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Short sterling slightly higher

SHORT STERLING futures rose slightly on Liffe yesterday, but the market was generally lacking in conviction ahead of theUK trade figures. The market reassessed the situation after last Friday's pressure for higher bank base rates was resisted by the Bank of England.

There is a general belief in the market that the UK Government is reluctant to sanction a rise in base rates to 14 per cent, but could be forced into action by downward pressure on sterling if the trade figures prove disappointing.

The failure of the authorities to push rates up encouraged June short sterling to open firmer at 86.61 yesterday. This was also the day's low, with the contract rising to a peak of 86.69. The rewards for taking a bullish view were seen as insufficient however, at a time when so much uncertainty surrounds the UK economy, and particularly the March trade figures. This brought June short sterling back, to close at 86.62 against 86.56 on Friday. Volume was low, with June dalivery trading only about 13,000 lots.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
91	360	463	2	9
92	262	406	4	16
93	204	318	10	28
94	118	235	24	45
95	42	158	48	104
96	19	124	125	134
97	0	61	214	207

Estimated volume total, Calls 670 Puts 757
Previous day's open int. Calls 30548 Puts 19902

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	524	545	2	27
86	330	403	5	49
88	147	240	25	122
90	36	136	114	218
92	0	53	290	335
94	2	26	444	508
96	1	12	643	658

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 2886 Puts 2146

LIFFE BUND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9250	189	184	5	37
9300	142	148	5	51
9350	101	117	17	70
9400	65	92	31	95
9450	38	66	54	119
9500	21	51	87	154
9550	11	37	127	190

Estimated volume total, Calls 105 Puts 560
Previous day's open int. Calls 3598 Puts 4784

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

CHICAGO

[illegible]

MONEY MARKETS

Nervous trading

TRADING WAS quiet and nervous as the London money market awaited tomorrow's UK trade figures for March. The figures are likely to provide a major test of whether bank base rates can be held at 13 per cent and there is still the fear that rising international rates will keep upward pressure on London. Three-month interbank was unchanged at 13⅞-13¾ per cent yesterday.

The Bank of England initially forecast a money market credit surplus of around £550m, but revised this to £650m at noon, and to £700m in the afternoon.

UK clearing bank base lending rate
13 per cent
from November 25

A total of £694m bills were sold to the market to absorb the surplus. Before lunch the authorities sold £484m Treasury bills, due April 28, at rates of 11-11⅛ per cent. In the afternoon the Bank of England sold another £210m Treasury bills, due April 28, at 11-11⅛ per cent.

Bills maturing outside official hands and repayment of late assistance added a net £20m to liquidity, with Exchequer transactions adding £80m; a fall in the note circulation £465m; and hank halances above target £5m.

In Frankfurt credit conditions eased after the West German Bundesbank set a lower than expected monthly minimum reserve requirement for commercial hanks of DM54.9bn. A figure of around DM56bn had been expected.

Trading was cautious however, ahead of today's announcement of the terms for this week's securities repurchase agreement tender. A fixed rate tender will give a clear signal where the Bundesbank wants the level of money market rates, following last week's rise in the German discount and Lombard rates, hut recent agreements have been via variable rate tenders.

In Zurich major Swiss banks raised the interest rate on customer time deposits by ¼ per cent to 6 per cent. The last increase was by a similar amount on April 14, after a rise in the Swiss National Bank's discount rate.

In Paris the average discount rate on French 13-week Treasury hills rose to 8.34 per cent from 8.09 per cent. The Bank of France has not yet responded to last week's general rise in European interest rates, but will have an opportunity at Thursday's securities repurchase tender, when tha key money market intervention rate is set.

In New York the Federal Reserve added $2bo of temporary reserves to the banking system, via customer repurchase agreements, when Federal funds were trading at 9⅞ per cent.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

[illegible]

COMPANY NOTICES

MALAYSIA MINING CORPORATION BERHAD

(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of members of Malaysia Mining Corporation Berhad will be held at the Harlequin Ballroom, Ground Floor, The Merlin Hotel, No.2, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Monday, 22nd May, 1989 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following as ordinary resolutions:

Ordinary Business

1. "THAT the respective balance sheets and profit and loss accounts together with the notes thereon of the Company and of the Group which state the affairs of the Company and of the Group at 31st January, 1989 and of the results of the Company and of the Group for the year ended on that date, together with the statement of source and application of funds of the Group for the year ended 31st January, 1989 and the reports of the Directors and Auditors be and are hereby received and adopted."
2. "THAT the final divided of 30% per 10 sen share, less tax at 35%, be and is hereby approved and declared payable on 31st May, 1989 in the entitled members of the Company registered at the close of business on 5th May, 1989."
3. "THAT YBhg Tan Sri Dato' Nasruddin bin Mohamed, who retires by rotation, be and is hereby re-elected a Director of the Company."
4. "THAT Encik Abdul Samad Haji Alias, who retires by rotation, be and is hereby re-elected a Director of the Company."
5. "THAT YBhg Tan Sri Datuk (Dr) Abdul Khalid bin Sahan, who was appointed since the last Annual General Meeting, be and is hereby re-elected a Director of the Company."
5. "THAT Messrs Peat Marwick, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board."

Special Business

7. "THAT pursuant to section 132D of the Companies Act, 1965, the Directors of the Company be and they are hereby generally and unconditionally authorised, notwithstanding the provisions of Article 5 of the Articles of Association of the Company, to allot and issue all or any of the unissued ordinary shares of the Company to any persons upon such terms and conditions and at such times and for such purposes as the Directors may, in their absolute discretion deem fit, whether pursuant to an offer agreement or option made or granted by them or otherwise, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

Kuala Lumpur
25th April, 1989

By Order of the Board
Abdul Malek Abdul Majid
Wan Mohamed Wan Yusoff
Secretaries

Notes:

(i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) Copies of the Directors' service contracts are available for inspection at 38th Floor, Menara PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur on any weekdays (except Saturdays) from 25th April to 22nd May, 1989 during usual business hours and will also be available for inspection at the Harlequin Ballroom, Ground Floor, The Merlin Hotel, No.2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 22nd May, 1989 for fifteen (15) minutes prior to and until the conclusion of the Annual General Meeting.

(iii) A form of proxy to be valid must reach the Malaysian Registrars' office at 32nd Floor, Menara PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia or the United Kingdom Registrars' office at Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL, not less than 48 hours before the meeting.

PERSONAL

Contents of Victorian Country House Midlands For sale £20,000 no dealers. Box H4732, Financial Times, One Southwark Bridge, London SE1 9HL.

CLUBS

EVE

has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows.

01-734 0557. 189, Regent St., London.

JOTTER PAD

CROSSWORD

No.6,918 Set by DANTE

ACROSS

1 and 11 An almost negligible amount, like ona in ten (4,2,7)
4 Unexpected but fruitful result of a sharp blow (8)
10 Everything turns grey – a rash reaction perhaps (7)
11 See 1 across
12 Fruit attached to the trunk (4)
13 Plan to recycle liqueur (10)
15 In a permanent position, but also returns in debt (6)
16 Succeed in getting a woman to take it on (7)
20 Largely in royal fashion (7)
21 Still a cause of poor reception (6)
24 Coating of fruit and nuts given to relatives (6-4)
26 Hold fast (4)
28 It sinks beneath the waves (7)
29 Major acting role in Shaw play (7)
30 Fresh pastry is in short supply (8)
31 Be in at a race finish (6)

DOWN

1 Stockman here and there perhaps (8)
2 Oxy-phenol derivative used by wood-tappers (9)
3 A wrong to right (4)
5 Blissfully unaware (8)
6 Cleaners put off by public conveniences (10)
7 Leave word in France (5)
8 Tug-boat? (6)
9 They get drunk on hogshead of port (5)
14 Memoranda about a stock of unsold books (10)
17 Fence Rita builds for a common boundary (9)
18 Tass, long reserved, now demonstrates openness (8)
19 He didn't strike Shakespeare as a sword carrier (6)
22 A beast in distress lowers (6)
23 Fifty-one doctors appear to be members (5)
25 Mean to a girl (5)
27 Wooden stick's about right for an annoying child (4)

Solution to Puzzle No.6,917

HASTEN COMPLETE
RIOTED CALLSOUT
INTREPID PESETA
ROLL ABSOLUTION
IMPREGNATE SPAR
HERBAL EGGSHELL
BROWNING DEFECT
THEORIES UNITED

WORLD STOCK MARKETS

AUSTRIA / BELGIUM/LUXEMBOURG / DENMARK / FINLAND / FRANCE / GERMANY / ITALY / NETHERLANDS / NORWAY / SPAIN / SWEDEN / SWITZERLAND / SOUTH AFRICA / AUSTRALIA / HONG KONG / SINGAPORE / JAPAN

[illegible]

CANADA

TORONTO
4pm prices April 24

Quotations in cents unless marked $.

[illegible]

Total Sales 4,745,078 shares.

MONTREAL
4pm prices April 24

[illegible]

INDICES

NEW YORK — DOW JONES

	Apr 24	Apr 21	Apr 20	Apr 19	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2402.68	2409.46	2377.38	2386.91	2409.46 (21/4)	2144 64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.37	88.33	88.40	88.18	89 62 (8/2)	87.35 (23/3)	–	–
Transport	1140.85	1136.64	1114.65	1121.77	1140.85 (24/4)	959.95 (3/1)	1140.85 (21/4/89)	12.32 (8/7/32)
Utilities	191.15	190.97	189.31	189.31	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2416.06 (2412.57) Low 2385.08 (2373.35)

STANDARD AND POOR'S	Apr 24	Apr 21	Apr 20	Apr 19	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	308.69	309.61	306.19	307.15	309.61 (21/4)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	356.15	357.49	353.38	354.30	357.49 (21/4)	318 66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.70	28.83	28.54	28.74	28 83 (21/4)	24 30 (3/1)	32 43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	172.49	172.90	171.30	171.70	172.90 (21/4)	154.98 (3/1)	187 99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	342.76	342.59	341.33	340.43	342.76 (24/4)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	423.18	423.76	421.51	421.91	423 76 (21/4)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Apr21	Apr 14	Apr 7	year ago (approx.)
Dow Industrial Div. Yield	3.46	3.57	3 62	3 47
	April 19	Apr 12	Apr 5	year ago (approx.)
S & P Industrial div. yield	3.05	3.12	3.16	2.94
S & P Indl. P/E ratio	13.62	13.26	13.09	15.35

TRADING ACTIVITY

$ Volume (Millions)	Apr 24	Apr 21	Apr 20
New York	142.882	189.200	177.659
Amex	10.728	10 464	11.861
OTC	(u)	149.468	141.033

NEW YORK	Apr 24	Apr 21	Apr 20
Issues Traded	1,947	1,931	1,951
Rises	639	936	606
Falls	788	317	835
Unchanged	520	478	510
New Highs	96	125	97
New Lows	19	19	19

CANADA

TORONTO	Apr 24	Apr 21	Apr 20	Apr 19	1989 High	1989 Low
Metals & Minerals	3376.3	3341.0	3334.2	3336 1	3564.9 (6/2)	3207.5 (3/1)
Composite	3606.2	3602.5	3595.4	3599 9	3696 1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1822.35	1817.61	1815.09	1816 67	1850 44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Am T & T	2,528,800	34⅝	– ⅛	Navistar Intl	1,526,100	5¼	– ¼
Chase Manhattan	2,105,300	37⅜	+ ⅛	Sears Roebuck	1,525,300	46⅝	+ ¼
USX Corp	1,893,900	34½	+ ¼	IBM	1,444,300	113½	....
Union Carbide	1,595,700	30¼	----	Mcgraw-Hill	1,376,000	81½	+ 4
NWA Inc	1,558,200	102¼	+ ⅛	Syntex	1,358,000	44½	– 2¼

Base values of all indices are 100 except NYSE All Common – 50. Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 24	Apr. 21	Apr. 20	Apr. 19	1989 High	1989 Low
AUSTRALIA All Ordinaries (1/1/80)	1476.1	1452.5	1458.1	1450.1	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	672.6	665.3	671.4	674.2	727.0 (26/1)	652.6 (7/4)
AUSTRIA Credit Aktien (30/12/84)	308.47	306 27	304.84	306.42	309.94 (17/4)	219.5 (2/1)
BELGIUM Brussels SE (1/1/80)	5920 66	5898.93	5926.89	5919.74	5926.89 (20/4)	5519.30 (4/1)
DENMARK Copenhagen SE (3/1/83)	298.26	(c)	299.62	298.48	299 62 (20/4)	275.49 (27/2)
FINLAND Unitas General (1975)	801.1	804.1	805.1	810.5	815.8 (18/4)	723.3 (4/1)
FRANCE CAC General (31/12/82)	470.4	468.0	467.3	468.3	470 4 (24/4)	417.9 (4/1)
Ind Tendance (30/12/88)	111.3	110.1	110.9	110.3	111.3 (24/4)	97.5 (27/2)
GERMANY FAZ Aktien (31/12/58)	575.56	577.19	581.50	583.32	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1714.5	1717.4	1730.3	1736.0	1741 9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1368.38	1376.21	1389.91	1388.53	1394 62 (17/4)	1271.70 (23/2)
HONG KONG Hang Seng Bank (31/7/64)	3095.99	3109.23	3139.68	3164.09	3209 96 (9/2)	2706.69 (3/1)
ITALY Banca Com. Ital. (1972)	620.30	619.13	618 94	616.41	620.30 (24/4)	577.49 (28/2)
JAPAN Nikkei (16/5/49)	32805.92	33029.81	33185.15	33363.8	33363 83 (19/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2422.98	2438.19	2447.42	2460.53	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS CBS Ttl.Rtn.Gen (End 1983)	237.5	237.0	235.5	238.0	238 0 (19/4)	208.3 (3/1)
CBS All Shr (End 1983)	189.2	188.8	187.7	189.8	189.8 (19/4)	166.7 (1/3)
NORWAY Oslo SE (2/1/83)	656.80	653.55	656.24	665.61	665.61 (19/4)	467.17 (2/1)
SINGAPORE Straits Times Ind. (30/12/66)	1247.24	1244.27	1250.00	1256 85	1258.33 (17/4)	1030.69 (4/1)
SOUTH AFRICA JSE Gold (28/9/78)	1516 0‡	1507.0	1511 0	1520.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2551.0‡	2532.0	2510 0	2495 0	2551 0 (24/4)	1961.0 (3/1)
SPAIN Madrid SE (30/12/85)	295 95	296.03	296.52	296.47	297.29 (10/4)	268 61 (1/3)
SWEDEN Jacobson & P. (31/12/56)	3804.4	3783.9	3803.4	3801.4	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	677.7	676.9	677.7	678.3	680.0 (17/4)	613 1 (3/1)
WORLD M.S. Capital Intl. (1/1/70)	(u)	512.9	511.2	513 0	519.0 (17/2)	491.2 (28/3)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday 24 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Metal	12.5m	874	-6	Sumitomo Construction	7.5m	1,440	-10
Nippon Steel	10.9m	915	+6	Kitagawa Iron Works	5.7m	1,050	+20
Sato Kogyo	10.5m	2,540	-50	Tessei Corp	5.6m	1,760	-10
Kobe Steel	8 7m	881	-10	Aoki Corp	4.9m	1,570	-10
Morinaga Milk	8.2m	1,000	+15	Nippon Yusen	4.8m	1,050	-10

4pm prices April 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
29	21¼	AAR	.44	1.6	18	427	27⅞	27½	27⅞	+ ⅛
10⅛	6⅞	ACM n	1.01	12.		130	8¼	8⅛	8¼	
11⅞	10¼	ACMIn	1.26a	12.		437	10⅞	10⅝	10⅞	– ⅛
10¼	8½	ACM M	n1.01	11.		228	9	8⅞	9	
11½	10⅛	ACM Sc	1.26	12.		x1175	10⅞	10¾	10⅞	+ ⅛
10⅛	6⅞	ACMSp	n.83e	11.		478	8¾	8⅝	8⅝	– ⅛
6⅛	3⅝	AMCA	.12e	3.2		60	3⅞	3¾	3¾	
6⅛	3⅞	AM Ind				606	6	5¾	5¾	– ¼
23½	18¼	AM Int pf	2	8.7		247	23	22⅞	22⅞	– ⅛
63¾	39	AMR			6	4837	u64	63	63⅝	
26⅝	25	AMR pf	2.67	11.		5	25¾	25⅝	25⅝	– ¼
6¼	4⅛	ARX				53	4⅞	4½	4⅝	+ ⅛
47	36¼	ASA	3e	7.1		354	40⅞	41¾	42	
20¼	14¾	AVX	.24	1.4	0	689	17¾	17½	17¾	+ ¼
56⅞	42⅛	AbtLab	1.40	2.6	16	2919	54⅞	54⅝	54⅞	– ¼
19	13⅞	AbitIbl g	1			71	16⅞	16½	16½	– ¼
13¾	7½	AcmeC	.40	3.9		35	10⅞	10¼	10¼	+ ¼
8	5⅞	AcmeE	.32	4.1	66	22	8	7¾	7⅞	+ ⅛
30⅛	16¼	Acuson			26	2312	30¼	30	30¼	+ ⅛
16⅞	11¼	AdaEx	1.82e	12.		159	14⅞	14⅝	14⅞	
18⅞	7½	AMD				1462	9¼	9	9⅛	+ ⅛
43½	28¼	AMD pf	3	9.0		5	33¼	33¼	33¼	– ⅛
8⅞	6½	Adobe				163	8¼	8¼	8¼	– ⅛
19¼	16½	Adob pf	1.84	11.		1	17¼	16⅞	17⅛	+ ⅛
21¾	20	Adob pf	2.40	12.		8	20¾	20⅝	20¾	
9⅛	5⅞	Advest	.12	1.1	17	113	7	6⅞	7	
34⅞	29½	AetnLf	2.76	5.2	9	x929	53¼	52¾	52⅞	– ⅛
44½	24	AhPb s	.22	.5		637	43	42¾	42¾	– ¼
[illegible]										

Continued on Page 47

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous Page

- X-Y-Z -

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
66¾	50¼	Xerox	3	4.8	18	3832	65⅛	64½	64⅞	- ⅜
49¾	44½	Xerox pf4.13		9.2		1	45	45	45	+ ¼
44⅛	29⅛	XTRA	.72	1.8	14	127	38⅞	38⅜	38⅜	- ⅜
33	23	XTRA pf1.94		6.5		106	30	29½	30	+ ⅛
3⅛	2	Zapata				1014	3⅛	3	3⅛	+ ⅛
27⅛	18⅝	Zayre	.40	1.6	172	608	25⅞	25⅝	25¾	+ ⅛
15½	10½	Zemex	.40	5.7	23	21	11⅛	10⅞	10⅞	- ⅝
30	18½	ZenithE			83	1560	18¾	18⅜	18½	- ⅞
10⅛	6⅞	Zenlnc	1.28	14.		130	9⅛	9¼	9¼	- ⅛
2⅛	1	vjZenLb				806	1⅞	1⅛	1⅞	+ ⅛
21⅝	16	ZenNtl	.80b	4.3	9	x159	19	18⅛	18¾	+ ⅛
19⅞	13¼	Zero	.44	2.3	15	182	18⅝	18⅝	18⅞	+ ⅜
28½	19	Zurnin	.68	2.4	18	165	29⅛	28⅞	28⅞	- ⅛
11⅛	10	Zweig	1.07e	9.8		357	10⅞	10⅝	10⅝	
10⅛	8⅛	ZweigT	n.24e	2.7		573	9	8⅞	8⅞	- ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices April 24

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 24

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WrldAml	1.45	7	218	46⅞	45¼	46½	+ ¼
WlmTr	1	11	41	36½	35¾	35¾	- ¼
WiserO	.40	30	100	16½	16⅛	16⅛	- ⅜
Wolohn	.28	8	1037	19	17¼	19	- ¼
WolvEx			183	8⅛	7¾	8⅛	+ ½
Worthg	.48	14	1017	21⅞	21¼	21⅛	
Wyman	.80	53	180	18	15¾	18	

- X-Y-Z -

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
XL Dta s		17	206	19½	18¾	19	- ¼
XOMA			677	16	15⅛	15¾	- ¼
Xicor		10	645	8⅛	8⅛	8⅛	- ⅛
YelowF	.70	18	148	26⅛	26¼	26⅞	
ZionUt	1.44		22	25½	24⅞	25½	+ ½
Zycad			234	3¼	3⅛	3⅛	- ⅜

FINANCIAL TIMES Tuesday April 25 1989

AMERICA

Dow displays resilience in the face of profit-taking

Wall Street

PROFIT-TAKING pushed the Dow Jones Industrial Average modestly lower yesterday following its surge last week past 2,400 for the first time since before the October 1987 stock market crash, *writes Janet Bush in New York.*

The Dow closed 6.78 points lower at 2,402.68 on sluggish volume of 142.881m shares. However, the market showed considerable resilience, bouncing back from a fall of 16 points during the morning.

The mood is noticeably buoyant. The Dow hit new post-crash highs on three days last week, surging to above 2,400 on Friday in spite of Thursday's surprise news that the Bundesbank had raised its discount and Lombard rates.

The Dow Jones Transportation Index hit an all-time high last week, helped considerably by a strong performance by NWA, the holding company for Northwest Airlines, on speculation that it would sell itself to a potential bidder.

NWA was unchanged yesterday at \$102¾ after its chairman said that the company was exploring the possibility of placing a stake in the hands of a friendly investor as a defence against a takeover.

Other market indices are now within striking distance of their all-time highs. The Dow Jones is around 11.5 per cent away while the Standard & Poor's 500 and the New York Stock Exchange Composite Index are 8 per cent below their all-time peaks.

Some selling was expected yesterday after the surge in the DJIA. Technical analysts also noted that perhaps 20 points of last Friday's 32.08 point rally was attributable to buying related to the expiration of some April options and the Major Market Index futures.

However, the bounce from the lows reached on profit-taking yesterday morning suggests there is considerable momentum in this market in spite of a much shakier performance in the Treasury bond market. One comforting factor has been the stubborn stability of the dollar in spite of higher interest rates overseas. The dollar stood in mid-range at Y131.55 and near its highs for the session against the West German D-Mark at DM1.881, from an earlier low of DM1.845.

The relatively robust performance by the US equity market came even though there was growing speculation of a hike in the Japanese discount rate. Although the timing of any such move remains unclear, most economists believe Japan will indeed raise the discount rate at some stage in response to higher inflation.

There are a number of economic releases this week which will provide focus for the equity market including today's March durable goods orders, tomorrow's preliminary GNP, Thursday's March personal income and consumption and Friday's March leading indicators.

Drug stocks weakened yesterday on disappointment that F Hoffmann La-Roche, the Swiss company, is not, after all, about to launch a bid for any US drugs groups. Rumours that this is what it was planning had boosted drugs stocks.

Rumoured targets fell sharply. Syntex slumped \$2⅞ to \$44⅞, exactly wiping out Friday's gain, Rorer Group fell \$1⅛ to \$41 and Pfizer lost \$¾ to \$61. Diebold added \$2⅞ to \$45⅞ on a press report that Mr Louis Caiola, a New Jersey-based investor, had built up a 3.5 per cent to 4 per cent stake.

Xyvision added \$⅞ to \$6¼ in over-the-counter trading after it was featured in a business magazine as trading at an all-time low despite strong earnings expectations.

Among blue chips, which were generally lower, Procter & Gamble fell \$⅞ to \$94⅛, Merck dropped \$1 to \$67¾ and Philip Morris lost \$⅞ to \$125⅛.

Canada

BUYING among golds and base metal stocks was offset by selling in energy and industrial stocks on the Toronto Stock Exchange. Bullion prices, nickel and zinc gained strength but crude oil futures fell sharply.

The composite index rose 3.70 to 3606.20 as declines edged advances 385 to 271. Volume was a light 17.6m shares.

Economic news gives US a starring role

By Alison Maitland

SIGNS of a weakening in inflation allowed the US market to put in a rare star performance last week as equities surged from one post-crash high to another.

The market's solid 2.6 per cent ascent took off when US housing figures for March proved considerably weaker than expected and consumer prices for that month showed a restrained 0.5 per cent rise.

Buoyed by active turnover and its own upward momentum, the market shrugged off a steep climb in oil prices and suffered only a temporary hiccup on Thursday when the West German Bundesbank announced a surprise increase in interest rates.

The euphoric mood was greeted with scepticism by some securities houses. "One might have supposed that confirmation of a slowdown in business conditions would have been of *concern*," says Hoare Govett in its weekly stock markets review. "Presumably it indicates lower levels of profitability and probably lower asset valuations also. Instead New York and London reacted ecstatically."

The US was just beaten into first place last week by Norway, which found further fuel for its roaring rise so far this year in the form of higher oil prices. It managed a 3 per cent gain, though it could be argued that the US performance was rather more significant given the relative size and liquidity of the two markets.

Across the Pacific, another lacklustre week for the Japanese market detracted from Wall Street's glory and left the World Index just 0.4 per cent better. With Japan accounting for 44 per cent of world capitalisation against America's 30 per cent, the weakness of Japanese stocks since the start of March has weighed on world performance.

Last week's 1.5 per cent loss concealed a record high on the Nikkei average on Wednesday. Individual investors were responsible for what buying there was, but the market's confidence was sapped by the reluctance of institutions to enter the fray. More expensive oil, a weakening yen and the deteriorating political climate all clouded the outlook.

The UK market remained engrossed in worries over higher interest rates, although these were offset by bid speculation and equities gained 0.2 per cent on the week.

Among the other winners was Australia, which followed close on the heels of the US with a 2.5 per cent rise as investors responded more confidently to the latest negative balance of payments news and the oil sector enjoyed a boost from higher crude prices.

The antipodean picture is far from rosy, however. Australia still stands out as the only market to be lower now than at the start of the year, while New Zealand, which managed a healthy 1.7 per cent gain last week, is the only one below its level a year ago.

Europe had a mixed week, coming out *slightly* better overall in spite of weakness in West Germany and Switzerland triggered by the rise in the West German Lombard and discount rates. Austria also fell back after racing up for most of this year.

Denmark followed Norway as the second best performer in Europe, with France third.

Sterling investors have generally enjoyed strong currency gains so far this year, with the World Index up 9.6 per cent in sterling terms compared with a 7.3 per cent rise in local currency. Thanks to the pound's weakness and the strength of the dollar, the US market has climbed 17.3 per cent in sterling terms against only 11.2 per cent in local currency.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change in sterling †
	1 Week	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	-1.65	+12.58	+48.08	+32.95	+34.99
Belgium	+0.92	+3.78	+19.71	+5.00	+6.48
Denmark	+1.88	+5.59	+68.09	+20.55	+21.08
Finland	-0.40	+4.52	+27.45	+18.02	+25.16
France	+1.47	+6.58	+52.74	+10.53	+12.39
West Germany	-0.53	+5.01	+25.70	+4.60	+5.88
Ireland	-0.42	+3.48	+52.74	+17.49	+18.98
Italy	+1.24	+2.21	+19.78	+2.40	+3.80
Netherlands	+0.75	+4.08	+25.46	+13.21	+14.57
Norway	+2.99	+12.97	+69.31	+43.94	+48.17
Spain	+0.57	+4.18	+6.80	+6.52	+10.46
Sweden	+0.40	-1.09	+41.06	+11.74	+14.55
Switzerland	-1.10	+2.61	+13.94	+8.67	+3.55
UK	+0.22	-0.40	+16.28	+14.40	+14.40
EUROPE	+0.35	+2.14	+22.52	+10.75	+11.48
Australia	+2.54	-2.47	+2.90	-3.37	-4.89
Hong Kong	+0.47	+1.20	+27.18	+16.87	+23.69
Japan	-1.15	+3.12	+15.12	+2.03	+3.38
Malaysia	+0.73	+7.59	+42.94	+22.97	+30.84
New Zealand	+1.74	-2.92	-3.90	+3.78	+6.52
Singapore	-1.34	+2.61	+34.25	+21.22	+28.23
Canada	+0.86	+1.73	+6.50	+7.91	+14.55
USA	+2.59	+6.60	+18.92	+11.19	+17.27
Mexico	+2.44	+6.36	+33.13	+14.48	+14.10
South Africa	+1.33	+0.10	+63.18	+29.88	+29.37
WORLD INDEX	+0.43	+3.83	+17.75	+7.31	+9.56

† Based on April 21st 1989
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There are one or two exceptions, notably Switzerland, where the weakness of the Swiss franc against other leading currencies has left sterling investors with a 3.6 per cent gain against a rise in the local currency index of 6.7 per cent.

ASIA PACIFIC

Nikkei wilts after dose of discount rate speculation

Tokyo

SPECULATION about an increase in Japan's official discount rate kept investors wary and share prices suffered a third consecutive setback on the lowest turnover this year, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average closed down 223.89 at 32,805.92 after trading as high as 33,115.13 and as low as 32,703.83. Declines led advances by 634 to 256 while 181 issues were unchanged.

Turnover sank to 464m shares from 875m on Friday. The Topix index of all listed shares dropped 15.21 to 2,422.98 and in later London trading the ISE/Nikkei 50 index closed 0.94 lower at 1,915.29.

This bad case of Monday blues showed the market was not reassured by a statement on Friday by the Minister of Finance denying that there would be an imminent increase in the official discount rate.

Many investors, fearful of growing inflationary pressures because of rising oil prices, preferred to await the announcement of the April consumer price index for Tokyo on Friday before committing themselves to the market. Consumer prices in April are seen as an important indicator of inflationary tendencies as they will reflect the impact of a new consumption tax introduced this month.

Analysts said Japan's historically low official discount rate would rise 50 basis points to 3 per cent if the consumer price index shows a rise of an annual 3 per cent.

Meanwhile, the approach of the Golden Week holidays at the end of the week kept individuals out of the market, reducing volumes to unusually low levels even for a Monday. Political troubles were also expected to persist, adding to the caution.

There was less enthusiasm for many sectors that had been rising recently on waves of popular buying. Even the activity of a large number of indexed funds failed to give sufficient support.

But the fall in the Nikkei was largely caused by a lack of buying rather than a lot of selling, analysts said. Issues with good earnings prospects and low price earnings ratios continued to attract interest. Kitagawa Iron Works, a maker of construction machinery, closed up Y20 at Y1,050, selected for its low p/e and good business fundamentals supported by increased capital investments.

Large capitalisation steels were actively traded but most suffered losses as investors stayed away from interest rate sensitive issues. Sumitomo Metal was most actively traded with 12.5m shares but closed down Y6 at Y874. Kobe Steel, also among the top 10 volume leaders, lost Y19 to Y881. But Nippon Steel, second in volume with 10.9m shares traded, added Y5 to Y915.

Sato Kogyo, the medium-sized construction company that has led the remarkable performance of the construction sector, lost Y50 to Y2,540. It was the third most actively traded at 10.5m shares.

Tokyo Rope Manufacturing, Japan's largest wire rope maker, took the biggest loss of Y300 to Y1,520 on talk that a speculators' group which had been cornering the stock was having financial trouble.

In Osaka caution prevailed and volume touched a low for the year of 27.9m shares. The OSE average dropped 197.26 to 31,803.69. Sato Kogyo, popular in the construction sector, maintained interest and added Y20 to Y2,590.

Roundup

THE RISE on Wall Street on Friday helped most leading markets in Asia Pacific but Hong Kong was depressed by political uncertainties in China.

AUSTRALIA was boosted by the news of a hostile raid on Goodman Fielder Wattie by Ranks Hovis McDougall. The All Ordinaries index rose 23.6 to 1,476.1 in strong turnover of 146m shares worth A\$335m.

The unexpected A\$3.1bn bid for Goodman injected further life into the market. Goodman climbed 54 cents to A\$2.55 as 88m shares worth A\$224m changed hands.

Among other industrials, Bond Corp fell a further 16 cents to A\$1.14.

SINGAPORE saw profit-taking whittle away early gains to leave the market marginally higher at the close. The Straits Times industrial index rose 2.97 to 1,247.24 after notching up a 9-point rise at midday. Rises led falls by 132 to 92 and turnover dropped to 99m shares from 116m on Friday.

Hotel group Faber Merlin, the most active stock, rose 5 cents to 45½ cents as some 7.2m shares changed hands.

HONG KONG ended a volatile session slightly lower in thin trading. The Hang Seng index fell 13.24 to 3,095.99 after fluctuating between 3,081 and 3,118 in turnover worth HK\$849m.

Sentiment was influenced by overseas uncertainty over confrontations between students and the Chinese Government.

EUROPE

Excitement fizzles out in restrained trading

PRICE movements were restricted in Europe yesterday after last week's excitement, and bigger bourses closed steady to easier, *writes Our Markets Staff.*

FRANKFURT ended weaker in moderate trading, giving up an early rise. The FAZ at mid-session was down 1.63 at 575.56 and the DAX closed 7.83 lower at 1,368.38. Volume was DM3.1bn, well below last week's active levels.

There had been optimism that a possible suspension of the withholding tax, mooted on Friday by Mr Theo Waigel, the new finance minister, would spur equities. A rumour that the Government might seize the opportunity to sweep away the share turnover tax also made the rounds in early Frankfurt trading.

But the market had fallen less than expected on Friday in the wake of the Bundesbank's interest rate bombshell, and yesterday's final weakness was seen as a delayed reaction.

Banks and chemicals featured among the top 10 active stocks and all ended weaker, with Hoechst, due to announce its dividend today, off DM2.60 at DM299.90. Siemens, the most active share, lost DM3.20 to DM530.50.

PARIS had a patchy session, offering little in the way of excitement and ending little changed. But volumes were boosted by a late block trade in Pechelbronn with a chunk of about 800,000 shares changing hands at FFr1,042, the price at which the stock closed the day, and a gain of FFr17.

Other active stocks included takeover candidate Casino, which rose FFr2.30 to FFr239.80 and Matra, up FFr8 at FFr300 after positive weekend press reports.

GTM-Entrepose saw the day's biggest gain, jumping FFr108, or 8 per cent, to FFr1,460 on talk that it had concluded its agreement on cooperation on offshore oil platform business with McDermott International of the US. GTM's marine oil subsidiary is loss-making.

The CAC General index, based on opening prices, rose 2.4 to 470.4, but by the end of the day the CAC 40 real-time index was off 1.77 at 1,698.67. The OMF 50 index eased 0.02 to 481.57.

ZURICH focused on the possibility of higher interest rates and ended steady, with news of Hoffmann-La Roche's share restructuring having little effect, as the stock remained suspended. The Crédit Suisse index rose 0.9 to 577.0.

Banks were again depressed while chemicals continued to benefit from speculation about possible capital restructuring. Ciba-Geigy bearers rose SFr45 to SFr3,360.

Hoffmann baby certificates, which were suspended at SFr15,500 last Friday and which will be phased out as part of the group's restructuring, were quoted in London as high as SFr15,750.

One analyst said the speculative element of the stock was dampened by the group's assertion that it had no takeover target in sight, but she added that the restructuring was positive in that it would make the shares more marketable.

MILAN crept to a new post-crash high in thin trading as many investors took a long weekend break which includes today's Liberation Day holiday. The Comit index rose 1.17 to 620.30 with turnover estimated to be below L200bn.

The market was buoyed by a good Treasury Bill auction at the end of last week – seen as an indication that domestic interest rates are not under the same pressures as in other European countries.

Speculative interest in textile company SIM continued to fuel activity in the shares which rose L230 to L6,380.

Retailer Standa, which on Friday announced losses for 1988, fell L100 to L27,400, while insurer Generali fell L60 to L42,630.

AMSTERDAM had a weaker session, succumbing to profit-taking by domestic institutions and a poor start on Wall Street in spite of a recovery in the dollar against the guilder.

The CBS tendency index lost 0.7 to 182.0 in turnover worth Fl 858m, well down on Friday's Fl 1.2bn which was swelled by the expiry of options.

Royal Dutch climbed 80 cents to Fl 137.90 against the trend in the day's most active trading, helped by oil prices and the uptick in the dollar. Steel stock Hoogovens was the second most active stock, also gaining 80 cents to Fl 101.60, but off its high of Fl 102.70; it has presentations in Zurich and Frankfurt this week.

Aegon was hit by a press report, denied by the company, that it would bid for an Italian insurer. It fell 30 cents to Fl 99.90.

MADRID changed little as investors took a breather, although interest was maintained by the start of continuous trading in five stocks representing about 4 per cent of the market's capitalisation.

The five stocks – Tubacex, Motor Iberica, Nueva Montana, Papelera Esp and Altos Hornos de Vizcaya – traded on the CATS system, with some initial teething problems. Motor Iberica saw 722,232 shares change hands, rising 7.5 points to 1,262.5.

STOCKHOLM edged higher as investors sat back to wait for today's revised budget, which is expected to include an anti-inflation package.

OSLO closed higher helped by firmer North Sea oil prices but the market saw some nervous profit-taking. The all-share index rose 4.35 to 485.02 in active trading worth NKr525m.

SOUTH AFRICA

GOLD stocks closed firmer in quiet trading as the market edged up, led by platinums.

The industrial index rose 18 points to 2,550, improving on Friday's new high.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

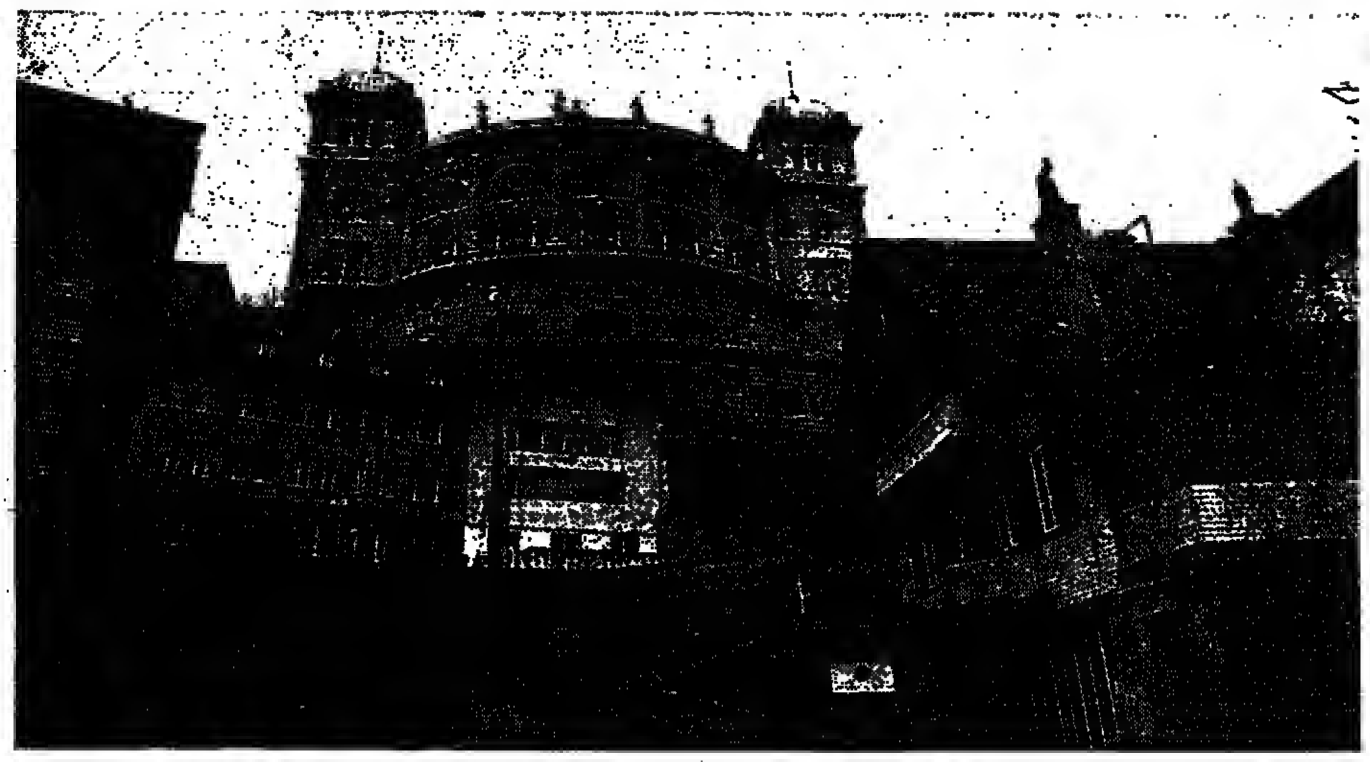
NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 24 1989						FRIDAY APRIL 21 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	132.32	+1.8	115.06	111.06	+2.1	5.01	130.28	112.63	108.79	157.12	128.28	120.18
Austria (18)	122.34	−0.4	106.38	118.23	+0.3	2.13	122.78	106.14	117.84	124.16	92.84	91.71
Belgium (63)	135.91	−0.3	118.18	131.05	+0.3	4.09	136.37	117.89	130.66	137.10	128.52	125.83
Canada (127)	136.26	−0.1	118.49	117.32	+0.2	3.27	136.33	117.88	117.08	137.27	124.67	123.57
Denmark (38)	179.03	−0.4	155.67	176.29	+0.0	1.88	179.81	155.45	176.21	180.38	165.35	119.50
Finland (26)	154.99	−0.2	134.77	135.12	+0.1	1.53	155.30	134.25	134.93	169.16	125.81	126.04
France (130)	122.35	−0.4	106.39	121.00	+0.2	2.99	122.79	106.15	120.82	122.79	112.57	87.43
West Germany (100)	87.47	−0.9	76.06	84.63	−0.3	2.27	88.29	76.32	84.85	90.40	81.77	77.38
Hong Kong (49)	130.41	−0.5	113.40	130.29	−0.5	4.06	131.11	113.34	130.98	133.77	111.80	103.39
Ireland (17)	147.42	−0.8	128.19	145.06	+0.0	3.47	148.64	128.50	145.00	151.36	125.00	120.29
Italy (98)	83.55	−0.3	72.65	85.17	+0.2	2.47	83.77	72.42	85.02	86.88	78.16	76.25
Japan (455)	186.07	−0.9	161.80	154.78	−0.7	0.49	187.69	162.26	155.90	200.11	180.30	173.81
Malaysia (36)	178.18	+0.1	154.94	183.84	−0.3	2.61	178.00	153.88	184.10	178.18	143.35	129.13
Mexico (13)	176.06	+0.8	153.09	466.13	+0.6	1.06	175.06	151.33	463.28	176.06	153.32	135.33
Netherland (42)	121.85	−0.2	105.95	118.79	+0.4	4.41	122.08	105.54	118.31	122.22	110.63	106.10
New Zealand (24)	69.97	+2.5	60.84	60.52	+2.4	6.51	68.26	59.01	59.12	76.02	66.84	77.86
Norway (26)	196.18	+0.5	170.59	179.74	+0.8	1.49	195.18	168.71	178.20	198.39	139.92	126.31
Singapore (26)	152.70	+0.4	132.78	136.41	+0.4	2.01	152.08	131.47	135.85	155.98	124.57	110.20
South Africa (60)	144.71	+1.0	125.84	128.33	+0.6	3.95	143.30	123.86	127.59	144.86	115.35	124.15
Spain (42)	154.99	−0.3	134.77	135.67	+0.0	3.58	155.39	134.33	135.67	158.17	143.14	152.07
Sweden (35)	157.59	+0.4	137.04	147.68	+0.8	2.32	157.03	135.75	146.52	162.00	138.45	120.30
Switzerland (57)	76.02	−0.8	66.10	77.41	−0.2	2.37	76.65	66.26	77.58	79.76	74.05	78.83
United Kingdom (316)	146.00	−0.5	126.96	126.96	+0.1	4.46	146.76	126.87	126.87	153.33	134.53	138.25
USA (561)	125.52	−0.3	109.14	125.52	−0.3	3.52	125.84	108.78	125.84	125.84	112.13	106.71
Europe (1008)	120.50	−0.5	104.78	111.33	+0.1	3.59	121.10	104.69	111.26	121.70	114.02	108.53
Nordic (125)	155.35	+0.0	135.09	151.18	+0.5	1.99	155.29	134.25	150.47	155.61	137.95	112.15
Pacific Basin (679)	181.56	−0.8	157.87	151.72	−0.8	0.71	182.98	158.18	152.67	194.72	176.37	168.91
Euro−Pacific (1687)	157.17	−0.7	136.67	135.57	−0.4	1.61	158.26	136.81	138.12	164.22	152.33	144.77
North America (688)	126.06	−0.2	109.62	125.02	−0.2	3.50	126.37	109.24	125.30	126.37	112.79	107.61
Europe Ex. UK (692)	104.50	−0.5	90.87	101.70	+0.1	2.89	105.01	90.78	101.64	105.29	98.84	90.12
Pacific Ex. Japan (224)	127.45	+0.8	110.83	113.23	+1.0	4.47	126.50	109.36	112.11	137.65	123.46	109.83
World Ex. US (1887)	156.33	−0.7	135.93	135.02	−0.4	1.68	157.36	136.03	135.54	162.77	152.04	143.82
World Ex. UK (2132)	144.09	−0.5	125.29	132.24	−0.4	2.04	144.86	125.23	132.75	146.04	138.06	128.65
World Ex. So. Af. (2388)	144.24	−0.5	125.43	131.76	−0.3	2.25	145.02	125.37	132.22	146.65	138.82	129.53
World Ex. Japan (1993)	124.28	−0.3	108.07	119.97	−0.1	3.58	124.63	107.74	120.04	124.63	114.51	108.22
The World Index (2448)	144.24	−0.5	125.43	131.73	−0.3	2.28	145.01	125.38	132.18	146.51	136.83	129.50

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US \$ index), 114.45 (Pound Sterling) and 123.22 (Local).

Spanish prices were unavailable for this edition.

SECTION III

FINANCIAL TIMES SURVEY



SWITZERLAND

The Swiss face growing external pressures to change entrenched financial habits. Money laundering and the fall of Mrs Kopp, the Justice Minister, have dominated the headlines. But the country seems on its way to absorb the impact, writes **William Dullforce**

Old habits that must change

THREE RECENT events in Switzerland have attracted attention abroad – the "Kopp affair", tha persistent decline in the value of the franc and Nestlé opening its stock to foreign ownership.

The first two hint that, inside this enclave of high prosperity at the heart of Europe, for long a hallmark for political and economic stability, something may be wrong. Nestlé's action does more than hint; it testifies to the strengthening pressures on the Swiss from outside to change some entrenched habits.

However, it is better not to exaggerate. The Swiss have a way of underplaying spectacular events and the four-party coalition that has run the Confederation for the past 30 years is already well on the way to absorbing the impact of the enforced resignation of Mrs Elisabeth Kopp, the country's first woman cabinet minister, over a drugs money laundering scandal.

As for the weakness of the franc, the question remains open whether it is structural or a temporary phenomenon due to the Swiss National Bank's difficulties in controlling the money supply last year after it changed the regulations governing bank reserve requirements.

Only in the case of the exterior pressures, principally generated by the economic unification of the European Community, is there no doubt. The Swiss are being forced to change the structures of their financial markets more quickly than they had expected.

Some recent developments suggest that socially not all is well in the Confederation, as it approaches its 700th anniversary in 1991. Police in Zurich and Berne have used tear-gas and batons to break np demonstrations by young people frustrated by the shortage of housing at rents within their reach. The problem of drug addiction is on daily display in Zurich's parks.

Such situations are not peculiar to Switzerland and, indeed, the drugs problem is contained to the extent that citizens can still walk safely at night anywhere in a Swiss city without fear of mugging.

Still, a warning earlier this month from the World Health Organisation that per capita Switzerland has the highest number of AIDS victims in Europe gives food for thought. The juxtaposition at the heart of Zurich of a park for junkies and the Bahnhofstrasse, one of the world's richest banking streets, evokes unease.

Nevertheless, the drama that has stirred public opinion most deeply has been the fall of Mrs Kopp, the Justice Minister, and the suspension of Mr Rudolf Gerber, the Federal public prosecutor, in the wake of a money laundering investigation conducted by a young public prosecutor in the canton of Ticino.

Swiss journalists played a crucial role in bringing the ramifications of this case to light, demonstrating in the process that the cocoon of cosy conformity, in which media, politicians and the business community used to operate, is breaking up.

Disclosures from the investigation into what has been dubbed the Lebanon connection have brought home to the Swiss the fact that their banks and finance companies have been exploited by internationally organised crime. Serious implications have been raised about relationships between officials, some businessmen and shady people involved in the drugs traffic.

The political response to the Kopp affair and the money laundering scandal has been vigorous. Two parliamentary committees are pursuing the investigation and submission of a bill against money laundering is being speeded up. Well aware of the need to reassure the public, the four ruling parties – and in particular the conservative Radical Party, to which Mrs Kopp belonged – chose as her replacement in the seven-member Federal Council (cabinet) Mr Kaspar Villiger, the model of a modest, clean-living Swiss businessman.

The spectacular fall of Mrs Kopp has had other potentially significant sequels. Mr Arnold Koller, her successor at the Justice Ministry, is increasing the staff of the anti-drugs office in Berne and has been talking of setting up a federal anti-drugs brigade – a step which would affect the powers of the cantonal governments.

Before she was caught up in the scandal, Mrs Kopp had won a reputation as a hardworking minister. However, her efforts to tighten regulations and to distinguish the true "political" refugees from the less welcome "economic" fugitives among the flood pouring into Switzerland in the past two years – mostly from Turkey and countries further east – had been controversial.

Mr Koller is taking a fresh look at immigration policy, admittedly on the basis of a report commissioned by Mrs Kopp. The issue is politically delicate, as small surges of xenophobia among voters, mostly in local elections, have shown.

While the political establishment has already demonstrated its capacity to contain the effects of the Kopp affair, the same has not so far been true of the banking system. The bankers are irritated and embarrassed. None of this has done the image of the Swiss financial centre any good, even if the Federal Banking Commission has cleared the big Swiss banks of having done anything illegal.

Foreign banknotes valned at between SFr 80bn and SFr 100bn (£28-36bn, $48-61hn) are exchanged annually in Switzerland, many of them carried quite legitimately across the frontier by couriers. It is this business which was exploited by the money launderers.

Now with the Commission proposing to impose regulations and both the Swiss National Bank and the Commission urging that even negligence hy hank employees should be made punishable in the new law against money laundering, the bankers are warning against over-reaction.

They are not opposing new penal sanctions but Mr Robert Stnder, president of Union Bank of Switzerland, has protested that the banks cannot implement provisions "forcing us to regard every one of our customers as a potential criminal and to look into the origins of all larger sums moved via hank accounts."

But the banks and the economy in general also have current worries which cannot be dealt with at a purely domestic level. The weakening of the franc may be an immediate boon for Swiss exporters hut, if the trend is prolonged, it would seriously inhibit the Swiss market's ability to attract foreign capital.

Private bankers draw a distinction between the Swiss capital markets and the management of foreign investors' assets by Swiss banks who like any other portfolio advisers can adjust the currency weightings of their clients' placements. But a strong franc has been a symbol.

Habitually, the Swiss franc has been firm when the dollar has been on the decline and international capital has sought a stable home. But with the consolidation of the European Monetary System, the hard currency status of the yen and the rise of alternative havens, a straightforward dollar-franc axis no longer exists. The link with the D-Mark attracts most attention.

The immediate fate of the franc appears to depend on perceptions of the inflationary potential in the Swiss economy. Prices, both at the wholesale and consumer levels, have been rising faster than in West Germany.

Although overheating is apparent in the economy after six years of sustained growth, an extra influence on the inflation rste has been the increase in the money supply provided by the Swiss National Bank after the October 1987 stock market crash.

The SNB, which professes to ignore short-term currency fluctuations in the pursuit of its main goal of price stability, has fixed a 2 per cent target for the growth in the monetary base this year. It reiterated its determination to achieve stability on April 13, when it raised its discount and Lombard rstes for the third time since the beginning of December.

Local forecasters give the SNB the benefit of the doubt. They see inflation rising this year, but tapering off again in 1990, while the economy will slow down next year and resume steady growth in 1991.

Greater concern is generated by the increasingly insistent prodding from outside for changes in Swiss institutions and practices. A compromise is still being sought over the European Community's demand for e north-south transit route for 40-tonne lorries.

The Swiss have to adjust to Brussels' efforts to harmonise EC banking and insurance. Swiss companies' participstion in the merger and acquisition activity in Europe has put the spotlight on the restrictive share prsctices with which the Swiss protect their own enterprises against takeover.

Only one company – Rieter, a textile machinery manufacturer – has so far followed Nestlé in making its registered shares available to foreigners. But a start has been made to the dismantling of some cartel arrangements in banking and insurance and the first Federal government bond issue has been lead-managed hy a foreign bank.

As foreign investors stayed away from the Swiss equities market in 1988, plans to co-ordinate and modernise the stock exchanges took a more radical bent.

Mr Jean-Pascal Delamuraz, the energetic Federal Councillor who is currently President of the Confederation, told parliament in a recent debate on the EC single market: "We must be active and dynamic – it is the only chance Switzerland has of retaining its autonomy and not just being towed along in the wake of European development."

The Swiss will have to deploy all their pragmatism and negotiating skills to hring off that gamble.

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☐ (left) The Parliament Building, Berne *(photo: Tony Andrews)*

KEY FACTS

Area	41,228 sq km
Population	6.56 million
Exchange rate (April 17 1989)	£1 = SFr 2.81; $1 = SFr 1.637
Inflation	1.86 per cent
GDP (market prices)	SFr 266.3 bn (1987)
GDP growth rate	2.3 per cent (1987)
GDP per capita	$17,680
Exports of merchandise	SFr 73.96bn
Imports of merchandise	SFr 82.61bn
Current account balance	SFr 9.14bn
Foreign exchange reserves	$24bn
Gold reserves	$7.9bn
Export destinations (1987)	European Community 55.7%, US 9.1%; Efta 7.4%
Main importers (1987 %)	EC 72.1; Efta 7.6; US 5.3; Japan 4.5
Main exports (1987)	machinery 32.1%, chemicals 21.6%, precision instruments, watches and jewellery 17%
Unemployment rate	0.72 per cent
Jobless figure	22,249

All figures from 1988 unless otherwise stated.

William Dullforce on the defusing of a political scandal

How to cope with Koppgate

SWISS POLITICAL life tends to be worthy, humdrum and stolid, as befits an affluent, orderly society in which most citizens are content with their lot and have faith in their political system. Yet, extraordinarily, for a few weeks at the beginning of this year it was rocked by a scandal of the kind that more commonly erupts inside the Washington beltway.

A cabinet minister was forced to resign; the Federal prosecutor, head of the country's secret services, was suspended; investigative journalists uncovered secret tip-offs; lines were traced between the banks and international organised crime; and state officials were accused of going easy on drugs trafficking.

The term Koppgate was coined by tha Press, putting the fall of Mrs Elisabeth Kopp, Switzerland's Justice Minister, into the same category as the US scandal that brought down President Richard Nixon.

Mrs Kopp, the country's first woman minister, became the first to have her parliamentary immunity lifted and the first to have her acts subjected to an investigation that could lead to charges under the penal code.

And yet, in the end, the most significant aspect of the whole affair may turn out to be the way in which the Swiss political establishment – the four-party centre-right coalition thet has been in power since 1959 – coped with it.

A reluctant Mrs Kopp, protesting her innocence, wae firmly told to go. A retired Federal judge and a special prosecutor were appointed to carry out quick investigations. Two parliamentary committees have taken np the running and are probing deeper for errors and faults within the administration. Given the alertness of the Swiss media, the politicians have promised that there will be no cover-up.

A special prosecutor has been put in charge of an investigation into the acts of Mrs Kopp and two of her assistants; his job is to decide whether there is a case for laying charges against them. It is by no means certain that there is. A judge is heading a disciplinary inquiry into the conduct of Mr Rudolf Gerber, the Federal prosecutor.

Mr Kaspar Villiger was elected to replace Mrs Kopp as one of the Radical Party'e two representatives in the Federal Council (government). Two Christian Democrats, two Socialists and one member of the Swiss People's Party make up the seven-member Council.

In normal circumstances Mr Villiger might not have been the Radical Party's first choice but he fitted the role of "Mr Clean" – a captain in the militia army, a good family man and part-owner of a medium-sized company.

All in all, the reaction of the politicians in Berne, the capital, has been a remarkable demonstration of the sensitivity to popular feeling of a seemingly entrenched and immutable ruling coalition.

Nobody could have foreseen the reverberations when, acting on information from an American "mole" inside a drugs-running syndicate, police in the Italian-speaking canton of Ticino seized a lorry carrying 100 kilos of heroin in February 1987.

The real opposition to the government is the electorate

Even when the prosecutor in the case charged that two brothers connected with the drugs smuggling had laundered some $1bn in dirty money through Switzerland over the last few years, it was the banking system that seemed to be in the line of fire.

The political explosion occurred only when a newspaper revealed that, some days before the prosecutor's disclosures, Mrs Kopp had made a telephone call to warn her husband that a trading company, of which he was vice-president, had been named in the money-laundering inquiry. Mr Kopp immediately resigned.

Soon these bare facts were amplified hy charges about lethargy in the Berne administration responsible for combating the drugs traffic and stories about links between crime and political and business circles, particularly in Zurich, Mrs Kopp's home base.

These disclosures particularly embarrassed the conservative Radical Party, which plays a pivotal role in the coalition because of its links with Swiss big business and finance.

Although the Socialists were the most vocal in calling for Mrs Kopp's resignation, there was no question of the coalition – which took 159 of the 200 seats in the lower chamber of the Federal parliament in the 1987 election and has even greater domination of the upper chamber – splitting up.

Indeed, Swiss governments, once appointed, cannot be displaced for the four years between elections.

The stability is prevented from degenerating into inflexible resistance to change by the oft-quoted paradox at tha heart of Swiss direct democracy. The frequent referenda – and the counterbalancing powers of the cantonal governments – mean thet the real opposition to the government is the electorate.

In the Kopp affair the only political sanction so far has been that imposed on the canton of Zurich, which has lost its representation on the Federal Council. Mr Villiger, Mrs Kopp's replacement, comes from Luzern.

Nevertheless, in the Radical Party's selection of Mr Villiger and in the relative speed with which it eased out Mrs Kopp and started the judicial and parliamentary inquiries, the ruling coalition has shown its sensitivity to electoral opinion.

These days, indeed, the coalition has more than enough scope, in fields of even greater long-term import than the Kopp affair, for demonstrating the Swiss capacity to absorb and respond to shocks. Both government and parliament are spending an increasing amount of their time on complicated issues raised by the European Community's progress towards a single market.

Negotiations over Brussels' demand for a transit route for 40-tonne lorries – firmly rejected by the cantons concerned – and over Berne's alternative offer of a new rail route are one of the more visible issues.

But parliament also has to decide on important changes to tax and commercial legislation, to keep Switzerland from being isolated. Nor is the EC alone in causing Swiss headaches. In the next two years, as international trade-liberalising negotiations in the Geneva-based General Agreement on Tariffs and Trade move towards climax, the government and electorate may face tough decisions on farming.

Peering further into the future, one can speculate that current international developments will force legislators to consider changes to other institutions fundamental to the Swiss way of life.

A referendum posing the question of whether Switzerland really needs the militia army, in which all able-bodied men serve, is being held this autumn. It has no chance of obtaining a negative answer.

Yet Mr Villiger who took over responsibility for the army on joining the Federal Council, has just paid the first official visit by a Swiss Defence Minister to the Soviet Union.

One of the criticisms levelled against Mr Gerber, the Federal prosecutor, during the ruckus over the Kopp affair was that he had concentrated the work of his office so heavily on anti-Communist counter-espionage work that it had no time to deal with the drugs traffic.

Swiss military strategy focuses on countering an attack from the East. A somewhat ponderous review of that strategy has been going on since 1984. Any assessment of the validity of the changes in Soviat defenca policy announced by Mr Mikhail Gorbachev must gain momentum from Mr Villiger's visit.

Is it possible that historians may one day single ont the visit of Mr Villiger – brought into office by the Kopp affair – as marking a turning point in Swiss defence policy?

THE ECONOMY

Bank's cure for overheating

INFLATIONARY PRESSURES are the uncertain element in the Swiss economy this year. Regular watchers will follow closely the price indices, the money supply and the Swiss National Bank's interest rates.

Like most other industrialised countries Switzerland last year shrugged off the apprehensions aroused by the October 1987 stock market crash. It recorded a sixth successive year of economic growth with a better result than anyone dared to forecast at the start of the year.

Provisional estimates put the increase in GDP at 3 per cent compared with 2.3 per cent for 1987.

This year Swiss economic analysts agree that the expansion will start to taper off with a more marked decline in 1990.

Growth estimates for 1989 fall within a range of 2.1 to 2.6 per cent, while the spread for the 1990 slowdown varies from 2.1 per cent to only 0.6 per cent in the most recent prediction, from tha Centre for Applied Economic Research at the University of Lausanne.

The genaral assumption is that the SNB's declared intention of maintaining price stability will be fulfilled, providing a springboard for renewed growth in 1991. The central bank has a relatively good record since the early 1980s in hitting its monetary targets.

Last year, when the outcome was well below the 3 per cent target, was exceptional for several reasons, among them the SNB's own alterations to the rules governing the banks' liquidity requirements.

For 1989 its target is 2 per cent growth in the monetary base, or the seasonally adjusted central bank money, as it now calls its selected money stock, which comprises banknotes in circulation and the commercial bank reserves held with the SNB.

On April 13 it reaffirmed its determination to squeeze out inflation, when it raised its discount and Lombard rates for the third time since the beginning of December.

The SNB's credibility in the currency markets is especially important this year to what happens in the real economy. SNB strategy aims at keeping prices stable with the least possible cost to the real economy. Its officials maintain that it will not be deflected from its primary objective by short-term fluctuations in exchange rates.

However, its monetary targeting of recent years has been possible precisely because of the absence of speculation around the franc in the currency markets. Before it increased its rates on April 13, the franc had fallen by more than 10 per cent against the dollar and by over 3.5 per cent against the D-Mark since the start of the year.

Nerves were fraying, as shown by an outcry in the Union Bank of Switzerland's foreign exchange quarterly newsletter, accusing Swiss monetary authorities of manoeuvring the franc into "the absolutely unaccustomed role of the industrialised world's weakest currency."

The consumer price index was at an annual growth rate of 2.3 per cent in March and the most recent forecast from the University of Lausanne team foresaw it recording a year-on-year average increase of 3.5 per cent in 1989 – not dramatic but almost certainly higher than the West German rate. On the other hand, the Lausanne team expected the situation to be reversed in 1990 and 1991 with Swiss prices growing more slowly than the German.

This January's car sales were up 19 per cent on 12 months ago

Overheating in the economy is now fairly evident. Unemployment, stuck at a rate of 0.7 per cent, has virtually been squeezed out of the economy. Some 160,000 jobs, an increase of 5 per cent, have been created since 1984 and the employment index advanced a further 1.2 per cent last year.

With manufacturing output showing an 6 per cent increase in the last quarter of 1988, capacity utilisation was well over 88 per cent (near 92 per cent in exporting companies).

Wages rose on average by 3 per cent in 1988 (and the consumer price index by 1.9 per cent) and on the basis of wage agreements struck at the end of the year an average 4 per cent rise seems likely for 1989.

Import demand remains strong. After notching a record in 1988, car sales numbered 25,281 in January this year, or 19 per cent more than in the same month last year.

The growth in consumer spending averaged 2.3 per cent in 1988 and in January the index used by the Federal Economic Affairs Commission to measure consumer expectations was at its highest level since its inception in 1972.

Other short-term influences on consumer price inflation include the increases since last year in the prices of imported fuels, rises in transport tariffs and interest rates.

However, forecasters retain their confidence in the SNB's ability to check this year's inflationary pressures. The current health of the economy is due both to constitutional factors – the anti-inflationary monetary stance, the addiction to balanced budgets and the propensity to save – and to the muscle-building modernisation course, to which a large part of industry has subjected itself, in the last few years, to remain competitive.

Fixed investment grew by 5.8 per cent last year after increases of 8.5 per cent in 1986 and 7.6 per cent in 1987. Spending on equipment, a sign of the thrust to moderaise, climbed by 7.5 per cent last year, following increases of 15.4 per cent and 11.3 per cent in the two preceding years.

There is some difference of opinion about the continuation of the investment drive. A marked deceleration in investment is central to the University of Lausanne team's 0.6 per cent forecast for GDP growth in 1990, whereas surveys by some industrial associations indicate that considerable investments are still in the pipeline.

A UBS survey of 1,700 firms, conducted at the end of 1988, concluded that most business sectors intended to maintain or step up investments in 1989. Only engineering and construction reported investment targets below their exceptional 1988 levels.

UBS found that the services sector would step up investments more than industry this year and noted that investmant growth was heavily focused on improving information and communication technologies.

Most Swiss companies recorded good earninga growth last year. The UBS survey reported that companies were more cautious in predicting earnings than in forecasting sales in 1989.

Uncertainty over currency developments is one reason for caution in forecasting export earnings. At the moment exporters are favoured by the relative weakness of the franc and the strength of the dollar.

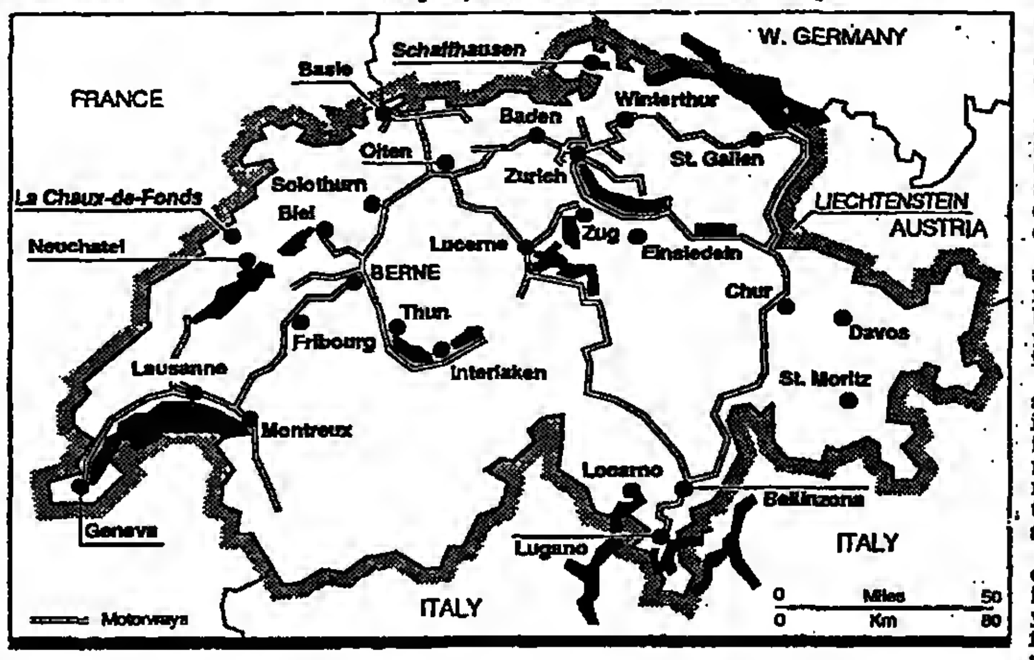
The export industry performance has varied over the past four years, usually under the inflnence of the dollar exchange rate. UBS predicts a further expansion in export volume in 1989 but with some decline in the rate of growth.

It expects a real increase of 3.5 per cent in exports to be more than offset by a 4.5 per cent real growth in imports, leading to a further deterioration in the balance on trade in goods which recorded a deficit of SFr 8.3bn ($5bn) last year.

However, Switzerland can happily absorb heavy deficits on its merchandise trade thanks to the surplus on services and the annual return on its foreign investments. Last year these combined to convert a SFr 8.3bn shortfall on trade in goods into a SFr 9.1bn surplus on the current account in the payments balance.

So if the SNB succeeds in doctoring the current bout of inflationary fever, the economy is in a pretty healthy state.

William Dullforce



EC RELATIONS

'Albanians' eye the Community

THE DATE of 1992 probably has more significance for the average Swiss than for most people living in the European Community.

Certainly the initial reaction in Switzerland to the accelerating pace of the creation of a single European market was one of consternation. Politicians, articles and books warned of the possibility of isolation, marginalisation, discrimination against Swiss employees and goods, and even Albanianisation.

More recently, many Swiss have come to recognise the advantages of joining the EC. The banking and insurance communities would undoubtedly benefit. So too would industriea snch as textiles, clothing and synthetic materials manufacture which export more than 80 per cent of their production to the EC. In total, trade with the EC represents about 45 per cent of Switzerland's GNP.

However, despite these advantages, few appear willing to pay what they perceive to be too high a price for membership. This opposition is not limited to blind Europhobia. Those opposed to membership fear that it would:

- compromise the sovereignty of the Swiss political system and edversely affect the country's unique direct democracy.
- end Switzerland's neutrality which allowed it to avoid the worst effects of two world wars. It should be remembered that in a recent referendum the country rejected membership of the United Nations because it might affect Switzerland'a neutral position.
- have severe effects on agriculture. Though Swiss farmers are among the most protected in the world, despite productivity increases in recent years, they supply only 65 per cent of domestic food requirements. There are fears that membership would undermine their position still further.
- lead to an influx of foreigners into the country if Switzerland was obliged to accept free movement of labour. There is already considerable hostility towards those living in Haute-Savoie who commute into Geneva each day.

Recent debates at the Conseil National in Berne have accepted that neither membership of the EC nor isolation are possible alternatives at present.

Rather, a "third way" has been adopted for Switzerland's relationship with the Community. What is not clear is how that third way might be defined or achieved.

One method of defining Switzerland's position could be through the European Free Trade Association (Efta). In a recent Swiss policy document, it was stated that within a multilateral context Efta represented one of the principal instruments for political integration with the EC.

However, even though Efta may represent one of the best multilateral methods, it is not clear that a multilateral approach is the best for Switzerland. The interests of the various countries within Efta are far from similar. Austria has suggested that it may formally ask some time this year to join the EC. And the Nordic countries are far more troubled by the issue of fishing rights than, say, transport routes over the Alps – one of Switzerland's main concerns.

The other possible method of achieving a modus vivendi is through bilateral agreements. Tha Swiss Foreign Ministry points out that in the past it has negotiated over 130 such agreements. It expects that these, which deal with potential problems issue by issue, will eventually prove the best way of defining Switzerland's relations with the Community.

In the long term, there are fears that those bilateral and multilateral agreements could mean, in effect, that Switzerland becomes part of the Community in all but name.

Although it is only just a whisper, there is concern that by not joining the EC and not taking part in decisions which affect it, Switzerland could already be losing sovereignty. To join or not to join: the effect might be the same.

Paul Abrahams

Pressure for change in the country's financial markets

A world leader must not be left behind

SWITZERLAND'S financial markets last year were very much under the influence of the "Black Monday" crash of 1987. Securities turnover in Zurich, Geneva and Basle showed the first overall decline in 10 years, falling by almost 12 per cent to just over SFr 850bn. The "Swissindex" share index did improve by 22.5 per cent during the course of 1988 – but the end-of-year level of 942 points was still far below the pre-crash high of over 1,200.

By contrast, Switzerland has been able to consolidate its key function as a source of international capital. In 1988, the sum of capital exports approved by the country's National Bank went up 7.5 per cent to a new peak of nearly SFr 51bn, the result of a marked rise in foreign borrowers' convertible and straight bond issues.

In net terms, however, the voluma of capital market issues stagnated at some SFr 36.3bn. This reflected a further increase in redemptions, by as much as 25 per cent to an unprecedented SFr 19.9bn, and a drop by more than one half to only SFr 2.35bn in the value of domestic share issues. These more than offset the rise in foreign borrowers' issues of bonds and notes by SFr 4bn to an all-time high of SFr 40bn and an expansion of over SFr 2.1bn to some SFr 13.8bn in the volume of domestic bond issues.

Otto Stich, Finance Minister – wants to drop one stamp duty for another

Things have perked up again somewhat in the first quarter of 1989, at least in respect of share prices, with the Swissindex up over the 1,000 mark again. Foreign interest in medium and long-term Swiss franc paper is considerably below last year's levels, though, and new Swiss share issues remain few and far between.

As far as the investing public is concerned, the Swiss themselves have been alow to taka advantage of the relatively low share prices of the past 18 monthe. Institutional investors, particularly the timid pension funds, were thoroughly scared by what happened in October 1987.

Foreigners have been put off not only by the sluggish recovery of Swiss stock markets but also by uncertainty as to the future of registered shares. Last November Nestlé had opened its stock ledger to foreigners, with a resultant slump in prices for bearer equities and the suspicion that other companies would soon follow suit – something which has not yet taken place.

In addition to this, Switzerland is experiencing a rise in its traditionally low inflation rate and overall interest levels.

This has been having a correspondingly negative effect on the bond market with its relatively low coupons. It seems quite likely that Swiss enthusiasm for foreign Swiss franc bonds will be tempered by difficulties such as those now facing holders of the 1986 Nabisco issue.

With regard to the exchange rate situation, the Swiss franc is noticeably down on the levels of the past few years. This naturally makes corresponding financing more interesting for horrowers – bnt simultaneonsly removea tha long-standing attraction for investors inherent in a possible currency gain.

There are reasons to expect a further improvement in the equities market. Bank, insurance and chemical company stocks in particular have been doing well for themselves in the past weeks, and annual reports are looking good almost across the board.

All forecasters reckon on further, albeit rather slower, growth for the national economy as a whole both this year and next.

With the current rising trend in rates, fixed interest securities may be rather less inviting. There is, however, a vast pool of liquidity on the part of domestic investors who pnt security before real earnings. The flow of Swiss franc bonds and notes into foreign portfolios could also start growing again, also in the interest of low-risk asset management in an uncertain world.

Whatever the case, the Swiss financial market has a number of problems confronting it. One of these is that of atock exchanga reorganisation. There are no fewer than seven separate bourses in Switzerland, which gives rise to any number of discrepancies.

Dr Nicolas J. Baer, president of the Zurich axchange, recently called for the creation of a homogenous securities trading system in Switzerland rather than what he called "axaggerated federaliam." A particular point at issue is the difference in trading hours.

Switzerland's stockhroking banks have in any case been going through a period of rapid change. Last year saw the launching of the Swiss options and financial futures exchange (Soffex) in the field of shares and share indices, the extension of trading hours, increases in the list of continuously-traded stock and the introduction of new emergency measures in the case of excessive share-price fluctuations. However, it still proved impossible to introdnce tbe "cats" (or compnter-assisted trading systems).

More changes are on hand. Of particular significanca is the "Electronic Bourse Switzerland" system, though here, too, there has been a delay. Now the system will not start regular operations – first for bond trading and subsequently for shares – until 1991.

Nevertheless, slowly bnt surely, the stock exchanges are having to grow together and are heading gradually towards an all-compnterised future where there will be little room for the traditional "ontcry" trading. It remains to be seen when the regional bourses can sink their remaining differences.

Apart from the technological revolution and the need for increased overall trading capacity, the structure of the markets is itself undergoing a considerahle alteration. Changes range from an opening-up of issue syndicates – at the expense of the big banks – through tha spread of grey-market (pre-issue) trading to the listing of low-rated foreign bonds.

All of these pose problems for the banks, which are in any case taken up with such vexed questions as the elimination of money laundering, insider dealing and abuses of the institution of banking secrecy. Their reaction to extraneous developments on financial markets also extends to their own reporting techniques: this month, the Federal Banking Commission drew attention to the fact that banks as a whole had overstated their profits for 1987, possibly in the wake of the October crash, and indicated that it might update guidelines governing the mobilisation of hidden reserves.

At the same time, stockbrokers continue to demand that tbe Government scrap the stamp dnty on financial market transactions. The Swiss Bankers' Association bas always contended that this is a major and growing disadvantage in international husiness and feels it will be even more of a hindrance should the European Commission decide on the general aholition of stamp duty within the EC next year.

For his part, Dr Otto Stich, the Finance Minister, agrees the levy should be dropped on some transactions. But he still makes its total abolition dependent on the creation of compensatory fiscal income. One possibility would be the introduction of a stamp duty on fiduciary deposits, a step the association says would destroy what is today a "thriving business."

There will be little room for traditional 'outcry' trading

Another tax issue which the Swisa are considering is tbe possible result of the EC Commission's proposal to institute a Community-wide at-source tax on interest income. Although this would ostensibly go some way towards offsetting Switzerland's own 35 per cent withholding tax, it is not initially seen as a substantial advantage – apart from the fact that it might not happen, any way.

As far as actual Swiss securities are concerned, a key development will be the pending revision of the country's Equities Act. This could lead to considerable changes in the character of listed stock, as for example in the relative "weight" of shares on the basis of their nominal value.

Even more important – and something which ia largaly independent of the draft legislation – is the question of registered shares. Both within Switzerland and ahroad there is a growing feeling that internationally-active Swiss companies should be more prepared to share their aubstance with the outside world. This would mean either a decision to follow Nestlé's example or a move to upgrade the position of voting bearer stock as compared with registered shares or participation certificates.

As tbe consulting firm Arthur Andersen says in a report puhlished last month, "after the flourishing upswing of the past decades, the Swiss financial centre is faced with its greatest challenge."

Tbe country's markets, banks and listed companies have realised this and are well aware that all will be lost if they rest on their laurels. A great deal has still to be done if Switzerland is not to lag behind in a sector wbere it has traditionally heen a world leader.

John Wicks

INDUSTRY

Restructuring seems to be paying off

THE COUNTRY'S important manufacturing sector did much better than expected last year, with both output and turnover np by some 7 per cent. In 1987 growth had been of only a modest 1 per cent and it had initially been feared that the economy would be affected in 1988 by the combination of a post-Black Monday recession and a falling dollar.

Neither of these fears proved to be justified. The stock markat crisis had virtually no effect on international demand, while it was the Swiss franc which fell 10 per cent against the dollar during the course of 1988 and has since dropped further.

At the same time, Swiss domestic demand for both capital and consumer goods has remained expansive.

The good news is mirrored in the vast majority of annual reports from companies and trade associations. But it is reflected to considerably less an extent on the stock market. Admittedly, tha industrial share index has risen a good 10 per cent since the start of this year – but is still almost 9 per cent below its 1987 peak.

This shortfall is attributable primarily to a combination of continued timidity on the part of Swiss investors and the loss of foreign enthusiasm dua to uncertainty as to whethar other companies will follow Nestlé's November example and make registered ahares available to non-residents.

The success of the industrial sector is the result not only of gratifying world market and foreign exchange conditions but also of the frequently radical restructuring process within Swiss manufacturing over the past years.

Such traditional industries as textiles, watchmaking and engineering found they had to carry out very substantial reorganisation of management, production lines and the deployment of human resources. Activities urgently needed rationalisation in the light of technological change, as well as to compensate for the national disadvantages of an extremely hard currency and extremely scarce manpower.

With a few exceptions, these restructuring programmes have worked out well, with industrial output rising more or less steadily as the labour force has shrunk or at best shown slight increases in individual years. As a country with very high production costs and as good as no raw materials, Switzerland continues to rely on high levels of innovation and quality control.

Latest government figures show that Swiss expenditure on research and development is, at 2.9 per cent of gross domestic products, one of the world's highest – with more than three-quarters of this coming from the private sector.

Industrial companies alone spent SFr 5.5bn on R&D in Switzerland in 1986, plus SFr 3.1bn abroad.

Generally speaking, prospects look good for Swiss industry this year. The Swiss franc remains noticeably below the exchange rates of the past few years, with its relative strength against the Deutschemark baing particularly favourable. The neighbouring Federal Republic is Switzerland's biggest single export market and international competitor.

At the same time, demand on home and foreign markets looks like holding up well. Both 1989 and, almost certainly, 1990 should see a continuation of the Swiss boom.

Foreign orders were up, but growth rates were down

For all that, there are definite signs of deceleration. Figures for the final quarter of last year show that foreign and domestic orders were again up on the corresponding 1987 period but that growth rates were down. All forecasters are expecting GDP growth as a whole to slacken off this year and next.

This is far from serious, especially as large sectors of Swiss industry are running at full capacity and thus often barely able to handle new business. With the jobless rate at 0.7 per cent and tending lower, there is certainly no unemployment scare.

However, the extreme shortage of labour – particularly skilled labour – is posing problems for manufacturers, just as the flaccidity of the national currency raises their costs for imported materials at the same time as it improves their chances on export markets.

Some concern is also being expressed at the gradual rise in the country's traditionally very low inflation rate. Although the Swiss National Bank considers 3 per cent inflation unacceptable, all the indications are that the rate is heading towards this level and will probably pass it within about a year. This will, of course, take away some of the advantages gained by export industry from the more helpful exchange rate.

But whatever the case, Swiss industry is in much better shape to handle any difficulties than before the health cure of the past years. Nor do most manufacturers see the forthcoming single European market of 1992 as representing a serions threat for non-member Switzerland. Apart from the fact that most of the sizeable companies have long been established within the Community, there is no lack of readiness to adapt wherever possible to EC standards or other requirements.

Tha country also has a long-standing free-trade agreement with Brussels and is optimistic that links will become closer between the EC and Efta.

Indeed, not a few manufac-

Continued on Page 4

John Wicks examines a success story

Chemicals lead the field

LAST YEAR turned out even better than had been expected for Switzerland's chemical and pharmaceuticsl compsnies. And there are no signs of any decline in the future.

This year has got off to a promising start. In 1988, foreign sales of the export-oriented industry went up 8.5 per cent to a record SFr 15.86bn despite only minimal price increases. While that growth rate was no more than the overall expansion in Swiss merchandise exports, turnover of the chemical manufacturers grew much faster thsn the national average. This reflects the suhstantial operations of their foreign subsidiaries.

Consolidated figures of the four Basle chemical concerns - Ciba-Geigy, Sandoz, Hoffmann-La Roche and the Alusuisse subsidiary Lonza – bear this out, having gone up 12 to 15 per cent last year, to a joint sum of SFr 38.27bn.

Profits have been excellent, as the results of Sandoz (np 21 per cent) and Ciba-Geigy (up 20 per cent) show. A survey by Union Bank of Switzerland puts earnings for the industry as a whole as "relatively high" in 1988 compared with those of other hranches.

Initial indicators for the current year are good. The Governmeot reports a "cootinuation of particularly keen demand" for Swiss chemical products in the final quarter of 1988, while actual export figures point to a rise in foreign sales in the first two mooths of 1989 of some 12 per cent over the same period last year.

The UBS survey claims that the chemical industry, together with the insurance and retail sectors, is the most optimistic with regard to 1989 turnover and again awaits profit growth well above the Swiss average. A Credit Suisse study also forecasts further increases in sales and earnings this year.

Investors, who have been relatively unimpressed by tha performance of some other industries, have got the message. The index for chemical/pharmaceutical sales this month hit an all-time high, the sector being the only one to have surpassed the peaks reached hefore the stock market crash of October, 1987.

Some of the Basle majors spend up to 15 per cent on R&D

At the same time, chemical companies have again shown their unwillingness to hang on to low-return operations on the margins of the industry. Only a few months ago, Roche sold Kontron Instruments, its uoeconomic medical equipment subsidiary, to a European group led by Baring Capital Investors, while Ciba-Geigy disposed of Ilford, its photographic division, to International Paper.

While the chemical sector is likely to retain its position as a locomotive for Switzerland's export industry in 1989, it looks as though the rate of growth could be lower than last year.

There are a number of reasons for this. First of all, there sppears to be little room to increase prices. This is very much the case in the pharmacentical sector and can be offset only by the growing trend for Swiss companies to enter the non-prescription markat.

At the same time, many raw material prices are rising at a time when the Swiss franc is relatively weak. In the case of the sgrochemicals producers, crop reduction programmes and drought can again slam the brake on foreign demand.

Over and above these considerations, Swiss producers face higher domestic inflation and an ever-greater financial hurden from the demands of environmental control.

On the other hand, the weakness of the Swiss franc aids exports and has at least a cosmetic effect on international salea and profit figuraa. Last year exchange rate fluctuations harely affected the major firms' annual figures.

A continuing prohlem for the home operations of Swiss chemical companies is the lack of manpower, especially of highly-qualified staff. They were neverthelesa able to recruit extra personnel last year and hope to add at least slightly to their forces in 1989. But the labour pool remains very limited and the authorities show little inclination to ease np on immigration quotas.

Chemical industry investment rose considerahly in 1988 and further growth is likely this year. To some extent, this is due to the need for better environmentsl protection installations, a significant factor since the Sandoz fire at Schweizerhalle in 1986.

There is an encouraging flow of new products – but these replace rather than add to existing lines, so that actual production volume ueed not show corresponding growth. It seems probable that the major players will make further acquisitions ahroad in 1989, over and ahove the various internal growth projects of existing foreign subsidiaries.

The pattern has changed over the past year, however. Swiss companies now tend to concentrate on the takeover of medium-sized firms as "rounding-off" acquisitions. But this does not exclude really large-scale transactions, though – the Basle companies are not ahort of money.

There will be – and can be – no letting up in respect of reaearch and development activities. With new pharmaceuticals costing something like SFr 200m to develop, for example, some divisions of the Basle majors regularly spend up to 15 per cent of sales on R&D. Here, too, a large part of the expenditure is made overseas. A government report issued last month shows that between 1983 and 1986, Swiss chemical companies' growth in R&D spending rose by only 5 per cent in real terms within Switzerland – but hy about one-third abroad.

Despite all this, the days are long past when the industry was issuing veiled threats that it might have to pull up stakes and move elsewhere. Dr Albert Bodmer, president of the Swiss Association of Chemical Industries, recently gave the assurance that "we see ourselves as a Swiss industry and will continue to hava a strong Swiss base." This, he said, was not "for reasons of emotion or folklore, but due to the fact of the internationally outstanding level of research efficiency in Switzerland." To finance research there, he added, it was necessary to keep up both production and exports locally.

The question of location is, of course, linked to developments in the neighbouring economic community. In general, Swiss chemical manufacturers do not seem to face any insuperable problems in respect of 1992: most of their products, after all, are high-added-value specialities from a country with usually impressive standards of quality control.

Over and above this, most large and medium-sized producers already have a presence in the European Community.

There are, however, possible points of issue – price or cartel controls, for instance, or various forms of administrative discrimination against non-members. In the past years there have been some frequently bitter disputes with Brussels about chemicals and pharmaceuticals.

But, as far as feasible, the Swiss will try to obviate or at least defuse any further problems, not least by the approximation of EC guidelines. As Dr Bodmer says, there are certainly "no grounds for panic."

MACHINE INDUSTRY

A 1992 frame of mind

THE SWISS machine industry is on the way towards a sixth year of almost continuous growth in demand for its products. Steady growth of the world economy and an uncharacteristic recent weakening of the Swiss franc have made this performance possible.

New orders of SFr 21.hn (about £7.8bn) booked last year by 200 representative enterprises reporting to the Swiss Machine Builders' Association were 8.1 per cent above those of 1987 and constituted a record. Exports of the industry as a whole rose by 8.7 per cent to SFr 34bn, or about two-thirds of the industry's estimated total sales of SFr 44bn-45bu. Exports are heavily skewed towards the European Community and, in particular, towards West Germany.

The ohvious question is whether the good times can last. Growth seems to have been maintained steadily in tha opening months of this year. But there is a widespread feeling that demand will slow down later in 1989. It is based on forecasts that growth in the world at large will then level off, though the Swiss have not so far noted any concrete signs of this occurring.

Much will depend on the unknown (and probably unknowable) development of the exchange rate. Monetary policy has lately been relaxed: a tightening dictated by fears of a recrudescence of inflation could greatly alter the picture.

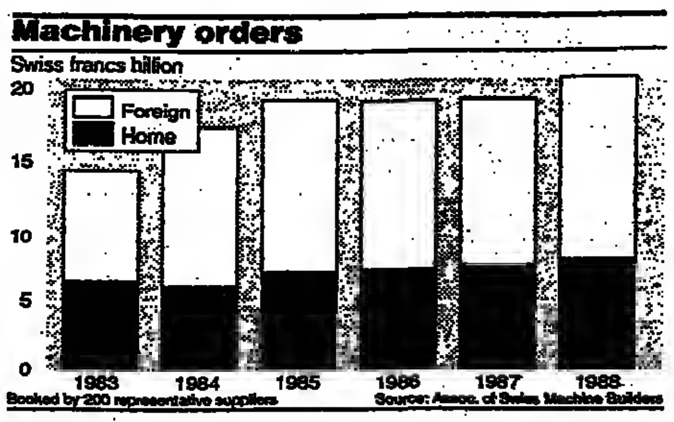
In spite of the smallness of their country, the Swiss rank seventh emong tha world's exporters of machinery. Where do the comparative advantages lie which have made this possible, even though Swiss wage levels are among the highest in the world?

Firstly, these wages are paid to a labour force of very high akills taught in the greatly admired Swiss system of apprenticeship. Secondly, it is a highly disciplined labour force. Bnt the reverse of the coin is that labour is scarce: the number of vacancies in the machine building industry exceeds the numher of its unemployed.

The shortage is especially pronounced at white collar level. Mr Peter Eberhard, of the Machine Boilders' Association, complains not enough engineers are coming from the universities. Specialists in information technology are particularly hard to find. Some have been brought in from abroad, but Switzerland has a restrictive immigration policy.

Dr Beat Balmer, of Motor Columbus, a concern involved in consultant engineering, the electrical industry and other specialised activities, says in discussing comparative advantage: "There is no shortage of money. If you have a good idea and make it sound plausible, you will find the funds." That is not universally accepted, but there is no doubt that interest rates, because they are usually very low by international standards, have been of great help to Swiss industry.

The structure of the machine industry is a key factor. In general, husinesses are small, employing 400 persons on average. Among machine tool makers, that figure falls to 130-140. If so small an enterprise fails, it will uot be taken as a national calamity. And this small scale greatly facilitates the flexibility without which the industry could not survive.



Flexibility is at a premium because, to survive, most individual machine builders have to find and occupy niches in the world market. To make that possible, they have concentrated on highly specialised, often custom-made products, requiring the ability to adapt to customers' needs.

The degree of adaptation required can be seen from the example of Feintool, a world leader in fine hlanking, a form of machine tool which cuts and shapes metal parts to a high degree of precision. When the business was young, in the 1960s, it did 80 per cent of its trade with makers of office machines (also a traditional centre of Swiss strength).

The advent of electronics all but killed thet part of Feintool's husiness. The motor industry then became the chief customer. It still is, but trade with the office machine makers is making a comeback. Because of the great personal compnter boom their need to make metal parts is growing again, even though there are far fewer metal components in each individual machine than in pre-electronic days.

Insufficient flexibility goes a long way towards explaining the troubles suffered hy some of the bigger members of tha industry. The difficulties provoked some drastic changes of ownership patterns. Brown Boveri, which was caught by stagnating demand for power generating equipment, has been merged with the Swedish Asea concern into a new company, ABB. A stringent programme of reducing the labour force has been undertaken.

At the same time, management is being decentralised. The heads of individual sections of the business are now responsible for day-to-day decisions, subject only to the guidelines of the centre. The Swiss section of ABB returned to operating profit last year, but it will ba more than exceeded by restructuring costs, to a large extent compensation for loss of jobs.

New major shareholders hava emerged at Sulzer and Ssurer. This year they have strengthened their hold on the two concerns. Both businesses have further concentrated on their areas of strength, in the case of Saurer embroidery machines. Sulzer has given up marine diesels, where once – aven though Switzerland is landlocked – it was among the world leaders. An attempt to carry on with research and development, licenaing the results to lower cost producers, proved unviable.

The implication of all this is that pressure to rationalise and specialise will continue. It will probably increase as the European Community perfects its internal market by the end of 1992, as is planned. On the face of it, that plan should not tion, worry Swiss machine builders since, under an existing free trade agreement, their products already enter the EC free of tariffs and quotas.

But things are a hit more complicated. Mr Eberhard, of tha Machine Builders, says that 1992 will present not an overwhelming prohlem, but a lot of little ones. For instance, the proposals for a common EC system of product liability will probably differ from the Swiss system, causing difficulties with imported machinery.

Swiss exports to tha EC require certificates of origin. That red tape may make little difference where expensive machines are concerned, but it could become awkward in the case of spares and servicing.

Switzerland has its own system of industrial standards, but that should not prove a serious obstacle. Swiss exporters have shown their ability to adapt to West German industrial standards which, under EC plans for the internal market, will be acceptable throughout the Community.

Undoubtedly, there is a *malaise* among Swiss machine huilders and others because 1992 could force them to transfer even more capacities than is already the case to the EC, especially to West Germany. But Dr Balmer of Motor Columbus says: "We regard West Germany as part of our home market." That sounds like the right frame of mind for 1992.

W L Luetkens

Industry's changes paying off

Continued from Page 3

turers see the drawing-together of the EC states as a real opportunity for them, leading as they believe it will to greater demand for sophisticated Swiss equipment and systems to speed up the rationalisation called for in a less sheltered marketplace.

For the foreseeable future, then, Swiss industry seems set fair to continue real growth, albeit at a more modest rate. This will have to depend more than ever on upgrading industry rather than simply adding new capacities.

With the almost non-existent labour pool, the shortage and high cost of industrial sites and the general public opposition to any major new manufacturing projects, any growth in volume other than that attained by rationalisation will remain limited to small light-industrial or high-technology units. The main thrust will be further added value within existing operations.

As an accompaniment to this, Swiss industries, for years among the most important direct investors in the rest of the world, will continue to set up or acquire facilities elsewhere. The United States will remain a primary target, but increasing interest is being shown in South-East Asian projects and to some extent in new EC ventures.

Nor will the growth be limited to manufacturing as such. The manpower and cost factors have long led Swiss companies to establish new R&D capacities in foreign countries. This trend, too, will doubtless keep growing.

National statistics thus give less and less a true picture of the actual strength of Swiss industry. The foreign "empire" of Switzerland's manufacturers is growing larger by the day.

John Wicks

Paul Abrahams on an engineering group's recovery

Sulzer puts the customer first

SWITZERLAND is not the most obvious base for industrial manufacturing. The country has few natural resources, labour is both in short supply and expensive, and the Swiss franc has become sufficiently strong over the last 20 years as to make exporting far from easy. And the Government, unlike its counterparts elsewhere, does little in the way of subsidies to help the sector.

Between 1975 and 1982, the performance of Sulzer, the Winterthur-based engineering concern, appeared to bear out the generally poor prognosis for Swiss manufacturing. Profits fell persistently as the company's core activities in diesel engines and the oil and gas sectors declined. In 1983 and 1984 the group's losses totalled SFr 120m.

"The problem was that the group perceived itself as a machine maker and manufacturer of industrial goods. It was an engineering-led concern rather than a company supplying customer needs," explains Mr Fritz Fahrni, who became president and chief executive officer of Sulzer in May 1988.

"We needed to change from being a manufacturing concern to a technology group, providing the know-how that the customer wants."

Mr Fahrni says that the best way for the company to maintain margins is to provide added value through technology, which has becoma tha backbone of its business, and through providing partnership for the customer from the design and installation of a project through to service and managerial support.

He says that the importance of technology can be seen in the group's recent investment in research and development. In 1987, it invested SFr 202m in the area – an increase of 15 per cent. Most of this is decentralised and concentrated on providing applications and support as part of the company's emphasis on providing customer-oriented services.

This redirection in management style appears to be working. Analysts' reports suggest that the 1988 group profits, due to be announced next month, should reach around SFr 77m.

The change in strategy has been accompanied by a series of acquisitions and disposals in the past two years, which have shifted the emphasis of the group from mature markets to areas with higher growth.

The management has not been sentimental in earmarking long-established divisions for disposal. In March this year it sold its loss-making diesel engine business to MAN of West Germany, thus ending an association with marina engines dating back nearly to the beginning of the century.

In terms of acquisitions, the most striking purchase, in June 1988, was that of Intermedics, a Texas-based medical supply company specialising in pacemakers. At the time, there were criticisms about the price of some $800m, given that the company defaulted on a loan four years ago and nearly went into bankruptcy. Tha Texas concern had been hit by a decline in the market for pacemakers after pressure from Washington to reduce expenditure on the health insurance scheme, Medicare.

However, on closer inspection it appears as though Sulzer may not have been so generous. Mr Fahrni points out that Sulzer has been in medical engineering for a decade, but its business has been concentrated in Europe. Intermedics distribution channels should prove significant in helping Sulzer penetrate the US market – the largest in the world for medical engineering.

The prospects for Intermedics are good, says Mr Fahrni. He says that the company will eoon bring some significant products to the market – in particular, a pacemaker which treats fast, rather than slow, heart rates.

Sulzer denies its divestments suggest that it is moving production out of Switzerland. The company says that it has always been internationally based. It does admit, however, that there remain problems in manufacturing in the country.

One of the most pressing of these is a shortage of specialist workers, although this has the advantage of forcing the company to concentrate on core activities. The strength of the Swiss franc also creates difficulties – some 98 per cent of Sulzer's weaving machinery is exported.

There is also the lure af manufacturing within the EC, especially given the creation of the single market in 1992. Sulzer says that it is clear that some divisions and products will have to be based elsewhere in Europe for the dual reasons of avoiding any risk of protectionism and hecause, as Mr Fahrni admits, "Switzerland is a small country and yon can't do everything here."

Nevertheless, ha points out that there are also advantages in being based in Switzerland – not least in terms of the availability of plentiful capital and political stability.

Because of these various factors, Mr Fahrni foresees a trend towards concentrating on more sophisticated engineering in Switzerland and locating other production elsewhere. Some 40 per cent of the company's current production is already manufactured outside its home country.

Unusually, Sulzer has not enjoyed one of the more obvious advantages of being based in Switzerland – protection from hostile takeovers. For the past 18 months Mr Tito Tettamanti has held a hostile stake in the company. Bnt this month his 35 per cent share of the voting capital was purchased by Mr Werner Rey, the Swiss financier.

Mr Fahrni is scathing about Mr Tettamanti. He argues that the Anglo-Saxon method of keeping management on its toes through the threat of takeovers is not efficient.

"We have spent far too much time fending off attacks over the last 18 months rather than improving profitability," he complains. "We foresee the time when we would welcome more international shareholders. But fair rules are needed to maintain independence without protecting inept management."

John Wicks profiles a machine-tool manufacturer

Tornos-Bechler turns the tide

INDUSTRY IN the Swiss Jura has gone through a trying time in the past few years. The npheavals in tha conntry's watch sector and the inability of many of the local family-run craft businesses to adapt to new conditions have made inroads into the region's long-standing prosperity.

Until recently, the machine-tool manufacturer Tornos-Bechler looked like being one of the major casualties. Based in Moutier, a town in the French-speaking part of Berne canton, the company started to feel the pinch in the mid-1970s when the oil crisis was disrupting world markets. At the same time, there were signs of the "third-generation syndrome" typical in old-established private enterprise.

In fact, things began to look tough shortly after steps had been taken to improve corporate prospects. In 1968 the original Tornos, a specialist in automatic lathes for the watchmaking industry, took over the neighbouring firm Petermann, a supplier to the watch and other industries.

Six years later came the merger with another Moutier company, Bechler, a manufacturer of fittings. The belief was that benefits would arise from economies of scale. On the contrary, what resulted was a single company with an uneconomically broad production programme and a workforce of some 2,500. It also had a low level of productivity.

Despite a reduction in employment, the company was carrying a great deal of dead wood and public confidence started falling off to the point where more and more employees handed in their notices while the going was good.

At the end of 1986 management prepared a medium-term plan for the period 1987-90 – and soon after began to look around for a partner. Unusually for a Swiss company, it found this abroad. Since last July Tornos-Bechler has been associated with the German Rothenberger/Pittler group.

This alliance makes sense in view of the complementary activities of the new majority shareholder's engineering division. It also, however, reflects the fact that no "Swiss soln-tion" could be found. This is not without irony, since one reason for the 1974 merger of Tornos and Bechler had been to save Bechler from being taken over by foreigners. As Mr Michel Suchet, managing director, points out wryly: "There is a lack of confidence in industry in Switzerland - people here seem to have more trust in the service sector."

Whatever the case, the news of the German link did a lot to restore faith in the firm. At the same time, the 1986 plan started to take effect.

This has resulted in a draconian cut in the production programme, which today consists of only a limited number of profitable lines. The workforce has dropped by some 320 to little more than a thousand.

Tornos now manufactures a series of modern multi-spindle and turning lathes, as well as various conventional cam-driven machine tools. The co-operation with Rothenberger - which last year also bought the American machine-tool company Motch from Switzerland's Oerlikon-Buehrle group – has its synergies. The Tornos-Bechler line complements that of its German associates, in that the Swiss company concentrates on diameters of up to 30mm and the Germans on larger bores, also in that Tornos has among its clients suppliers to the car industry while Rothenberger sells to the car industry itself.

There are also some synergies in sales. Unlike many Swiss, Mr Suchet does not worship at the shrine of high technology. This accounts, after all, for only about 20 per cent of industry's needs, he points out, and his company is keeping to about this share in its production programme. Nor has Tornos fallen into the common Swiss trap of turning out quality far above the needs and pockets of the market. It aims instead for "the necessary quality plus that Swiss touch" and, thanks to concentrating on profitable products and automating production, has kept prices at 1986 levels and thus proved "very competitive."

The results are impressive. The company today bas the same turnover as when it employed 300-odd more people and sales per employee for 1988 of some SFr 170,000, compared with only SFr 50,000 five years earlier. Mr Suchet reckons on very good results for last year, with cash flow equal to about 11 per cent of sales – as against 1987's modest 1.5 per cent.

With another medium-term plan pending, growth is to continue, with turnover set to reach about SFr 200,000 per capita by 1991 and SFr 300,000 by 1997. The 1989 budget is already reckoning on cash flow of 13-14 per cent of sales.

One of the most important assets for Mr Suchet is the excellent in-house training facilities. "Our future depends on the young," he says, and proved it by increasing the number of apprentices during tha overall payroll cutback. Tornos-Bechler has, in fact, the biggest apprentice school in the country's entire machine tool industry. With today's high average employee age of over 45, there will be plenty of room for new talent.

At the same time, between SFr 30m and SFr 40m are to be invested by 1992-93, an important share to go to computerisation. With mncb thicker order books and a big replacement market in the offing, the time will soon be coming when the company has to think about capacity expansion. As early as next year, it could even be looking at the possibilities of producing abroad – in Europe, the US or Asia.

Nor is it out of the question that Tornos-Bechler shares could be listed in Switzerland in 1990 or 1991. Though Rothenberger is unlikely to want to cut its 80 per cent stake to a minority, it may be that the company could again become rather more "Swiss".

WATCHES

Making it in the mass market

THE SWISS watchmaking industry is far from ordinary. Certainly, its products are extraordinary – witness the $3m paid this month at auction for a single consumer product, the Patek Philippe Calibre 89.

The sector is also unusual because it is one of the few industries to have been challenged by competition from South-East Asia, survive and subsequently prosper. Swiss manufactnrers helieve that their experience contains significant lessons for other European manufacturers faced with Japanese competition.

The decline of tha Swiss watchmaking industry began in the 1970s and accelerated during the early 1980s. Production of watches and movements collapsed from more than 90m in 1974 to just 45m items in 1983. Most of the fall was made up of low-value, high-volume products known as Roskopf watches. These were less accurate and more expensive than the new electronic quartz-powered watches.

The effect of this collapse in sales was marked. The number of manufacturers in the sector dropped from around 2,000 in 1965 to about 600 in the 1980s. Employment fell from nearly 90,000 in 1970 to under 40,000 in 1985. The industry seemed to be in terminal decline.

Yet, today, the outlook is bright. Although employment has not increased, sales are at record levels. Last year exports exceeded SFr 5bn for the first time – an increase of 16.4 per cent. The number of watches and movements sold also increased by 3.8 per cent.

The best-known company contribnting to this turnaround is SMH, the group run by Mr Nicolas Hayek which manufactures under the marques of Omega, Longines, Rado and Swatch. In 1988 SMH's sales amonnted to nearly SFr 2bn.

Mr Hayek was the originator of the Swatch, a plastic fashion-oriented watch at the low end of the market, which he used to take on manufacturers in South-East Asia. In five years, more than 50m Swatches have been sold.

"Europeans have had a tendency to leave the low mass market sector to the Far East because they believe they can't compete with it," he says. "But that's crazy because you can't keep an industry alive through high-end products alone."

He says that by abandoning mass market strategies, European companies not only lose distribution channels, but also the chance to incorporate new technology in both their products and production methods.

He argues that Swatch was not a marketing success but a technical success. The watch's design was simplified so that the number of movements contained was reduced from about 200 to 51. This reduced the product's cost and improved its reliability because there were fewer parts to wear out.

Moreover, by learning how to manufacture cheaply the company has been able to create new markets. For example, SMH has recently launched a watch called a Flik-Flak for young children to learn to tell the time. It costs less than £13 in the UK – a price which would have been inconceivable without the expertise built up manufacturing Swatches.

SMH's investment in new technology will repay the company in the future, says Mr Hayek. Recently, the company launched a combined watch and paging device and is moving into telecommunications.

Where is the next generation of skilled watchmakers?

Less known than the success of SMH at the low end of the market bas been the resurgence of the high-end mechanical ancre-type watch. During the last three years, Patek Philippe the luxury watchmaker, has experienced 20 per cent growth. This month, it sold 301 watches at auction in Geneva for a record $15.2m.

Clearly, conspicuous consumption is not out of fashion. According to Mr André Margot, president of the Fédération de l'Industrie Horlogère Suisse, the world market for watches over SFr 400 is worth about SFr 2bn a year, of which Switzerland has about 85 per cent.

It appears as though the Swiss watchmaking industry has managed to weather the storm of the stock market crash and dollar fluctuationa quite well. Though the federation's figures show that exports of all kinds of watches to the US last year fell for the second successiva year, elsewhere sales remain strong.

Mr Margot believes the statistics hide a considerahle amount of parallel importing, particularly from Hong Kong, the world's largest importer of Swiss watches, which tends to act as a turntable for watches to be re-exported.

As for counterfeiting, Mr Margot estimates that 10m Swiss watches are copied every year. "Many purchasers are aware they are buying fakes because of their relatively low price and yet continue to buy them – depriving tbe true manufacturers of the benefits of their design. At the same time, consumers are depriving the medium-priced market of sales," be says.

Indeed, of all Swiss watchmakers it is those manufacturing in the medium-priced range, between SFr 70 and SFr 600, which appear to be under greatest pressure.

Some msnufacturers, such as Brietling, hased in Grenchen, have reacted to competition from tbe Jspanese by moving tbeir products into higher price brackets.

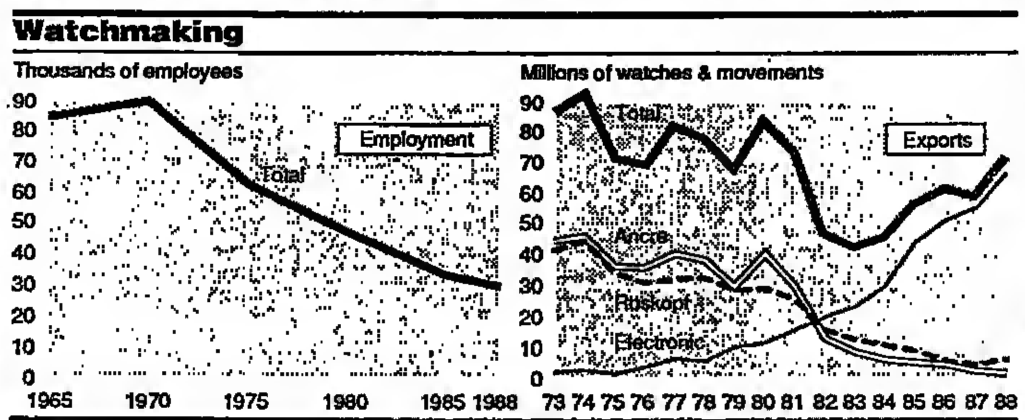
Mr François Thiéhaud, a director at Brietling, explains that his company stresses both the quality of its products and the originality of its designs when marketing watches. This justifies a premium and offers the company greater margins.

In a recent survey 61 per cent of Swiss manufacturers said they were optimistic about tbe ontlook for international sales. Nevertheless, Mr Thiébaud believes certain problems still need to be faced. Not least of tbese is a shortage of skilled workers – although this problem is not unique to the watchmaking industry.

"In 10 to 20 years it will be difficult to manufacture mechanical watches, even if there is demand for tbem, because of a lack of workers," he says. "We must make efforts to attract young people into tbe industry if we are going to survive."

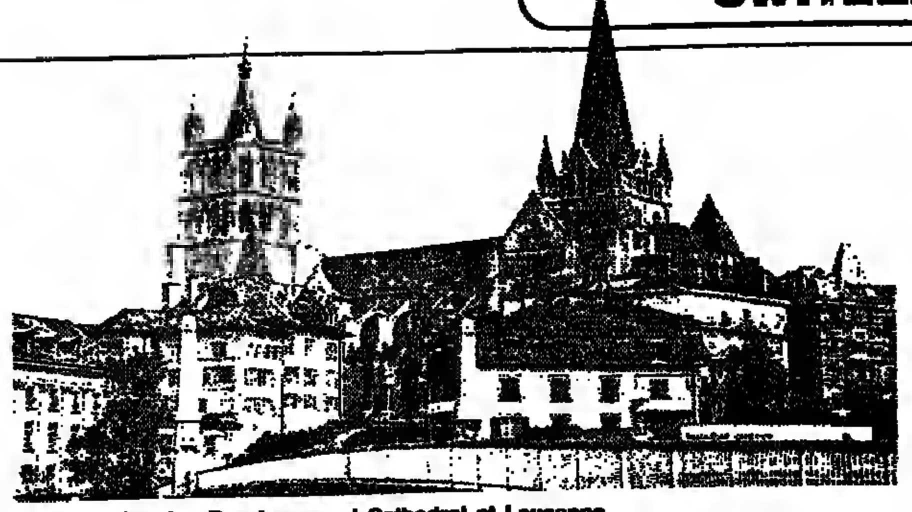
Paul Abrahams

Watchmaking



TOURISM

It's so dumb not to be chums



The Pont Charles Bessieres and Cathedral at Lausanne

THE NIGHT PORTER is dumb. When a guest in the small but comfortable hotel near Berne wants to go out, he inserts his room key into a board near the reception desk, gives it a twist and the board releases a door key to let him in at night. On his return, the guest reverses the procedure and recovers his room key.

The gadget is but one product of the need to rationalise exerted by the scarcity and high cost of labour. The doorman was also dumb: so was the bootblack. Drinks are available from a fridge in each room. A polishing machine takes care of shoes.

But labour costs alone do not explain why the number of tourist overnight stays in Switzerland is stagnating around a mark of about 75m a year. Switzerland has some of the highest food prices in the world. The Swiss franc has been strong for a succession of years,adding to the effect.

in the past few months the franc has in fact been weak, so that a holiday in Switzerland should cost rather less than in 1988. The tourist himself can push down the cost. Whoever is ready to eat local fare can save money by going to small but usually decent restaurants. Public transport is excelleot and Swiss National Tourist offices abroad will advise on how to reduce fares by the use of rail and bus passes. They will also provide a brochure listing simple hotels that are "E&G," standing for economical and *Gemuetlich*.

Motorists who would rather not pay SFr 30 (about £11) for a sticker authorising them to use Swiss motorways should know that other roads are good and distances generally short. Cost apart, cheap long-haul flights and the rush of tourists to many new destinations have caused the Swiss to lose share in what has been one of the most dynamic of markets. On top of that, there is little space left for more tourist facilities. The oumber of ski lifts, cable cars and the like has reached a point where there is popular resistance against building any more.

(Many communes have curbed the building of holiday apartments. They particularly resent apartments which are not available for letting in the absence of the owner, as closed shutters give parts of some resorts a dead look.)

Dr Helmut Klee, deputy director-general of the National Tourist Office, says that the Swiss accept the loss of market share as a logical consequence of the small size of the country and of their revulsion against ruining the landscape. Mr Gottfried Kuenzi, head of the Swiss Association for the Tourist Trade, says that the association wants to improve existing facilities, but sets its face against the opening up of any more winter sport regions.

Dr Peter Keller, of the Federal Office for Industry and Labour, asks: "How can we ensure that the tourist industry does not strangle itself?"

All of them agree that the answer is to offer tourists a "better product," meaning that since they pay more than elsewhere, they had better be given good value.

But Dr Keller also says that the Swiss tourist industry, since it accounts for about 7 per cent of gross domestic product and produces revenues of about SFr 10bn (about £3.7bn) a year from foreign visitors, is too big to rely on finding niches in world markets (as much of Swiss manufacturing industry does). The inference is that the industry will have to walk a tightrope, pleasing the wealthy tourist without driving out the masses.

Where the borderline lies will differ from resort to resort. There is some pressure to induce holiday hotels to offer 50 per cent reductions for children, even if they have their own room instead of sharing with their parents. Many hotel keepers are not keen on the idea – even though studies have shown that visitors who have been to Switzerland as children are far more likely to return as adults than those who did not come in younger years.

To encourage the well-heeled visitor instead of the mass market, prescriptions include rolling back the number of places for caravans and clamping down on the building of holiday homes. The first suggestion has the restaurant keepers and retail trade up in arms; the second is anathema to the construction industry.

A great unknown is how the completion of the internal market of the European Community will affect the Swiss industry. Everyone seems to be worried, but nobody seems to be sure. The most concrete fear is that EC social and regional funds will finance a great expansion of tourist facilities in the Mediterranean member countries. Deregulation might cut air fares to holiday destinations within the EC.

(Another theory to be heard, but not widely shared, has it that by remaining outside the Community Switzerland will gain "snob appeal" as something special.)

How one classic holiday region is trying to deal with these dilemmas can be seen at Locarno and Ascona on the shore of Lake Maggiore in the Italian-speaking Ticino. The neighbouring resorts with their immediate surroundings became tourist centres in the 19th century. But grandpa's tourism is out-of-date: it requires too much labour and is ill-equipped to cope with guests who stay for a few days only. At Ascona, with 2,500 hotel beds, no fewer than 1,000 in four and five star hotels, the average stay is only five days; at Locarno with fewer luxury hotels, the average stay is 3.6 days.

Tucked in between lake and hillside, neither resort has much space to develop. And since they are not in the high mountains, both compete more directly with holiday regions outside Switzerland than do, for example, the Engadine or the Bernese higlands.

Both resorts have put money into providing cultural attractions of many kinds: Locarno has annual film festivals and flower shows devoted entirely to camellias which flourish in the mild climate. Ascona has a music festival with international celebrities and this year, for the first time, is setting up an open-air stage for opera productions "borrowed" from Verona and Venice. Won't they be rained off?

No, says Mr F Vacchini, head of the Ascona tourist office: there are only three days of rain in an average Ascona July.

Both resorts are casting a baleful eye at a camping lot with room for 20,000 people on the other side of the lake and obviously hope to roll back the tovasions of campers from there on rainy days in summer.

The greatest effort has been reserved for a scheme to banish through traffic from the two resorts. Road tunnels are being built and a narrow gauge railway is also going under ground.

(It is going to cause some disruption until the tunnels are completed, not before 1991. By the time a pedestrian area has been laid out, a new marina built and multi-storey car parks are established, also below ground, the best part of SFr 1bn (about £370m) will have been spent.)

In the business they attach most importance to what Mr Paolo Brunetti, director of Locarno's tourist office, calls "touristic culture," or personal contact between guest and hotel keeper. It can take many forms besides a cheery "good morning."

There are hosts who take guests (provided they are willing, one hopes) for country walks at sunrise; at Locarno a hotel keeper loads guests into a 1920s nostalgia bus and shows them how flour used to be milled and baked in the old days. He rounds off with a musical barbecue because, he says, making guests chummy with each other is a good way to make them come back.

W L Luetkens

Agricultural subsidies come under pressure

Peasants may feel the pinch

THE Second World War has cast some long and curious shadows. But one of the more lasting shades has been the privileged position offered to Swiss farmers.

After losing both prestige and economic importance during the 1930s, the status of peasants in Swiss society was firmly re-established by their success in producing enough food during the war for Switzerland to become self-sufficient.

A significant legacy of that success has been that Swiss farmers remain among the most protected in Europe. Indeed, their position is guaranteed by the constitution, which states the necessity of maintaining measures to keep a strong peasant population.

However, that position looks set to be challenged both internationally and from within Switzerland.

One of the main threats to comes from the Uruguay Round of multilateral trade talks now being negotiated under the auspices of Gatt.

After the breakthrough achieved this month ut the Uruguay Round by representatives of the US, the European Community and the 13-nation Cairns group of independent farm producers, in making a substantial reduction in agricultural subsidies, Switzerland is likely to come under pressure to do likewise.

Swiss agriculture is particularly vulnerable because of the high level of protection offered by the Government. For example, Berne guarantees the price of a quintal of wheat at SFr 105. This compares with SFr 40 in the EC, SFr 20 in the US and about SFr 12 on the open market.

That level of subsidy will also come under increasing scrutiny from the European Community. The Swiss authorities are particularly anxious to avoid friction with the EC over agriculture at a time when they are negotiating with Brussels about the country's relationship with the EC after the creation of a single market in 1992.

In meeting these pressures from Gatt and the European community, the Swiss Government admits that it finds itself faced with a paradox. On the one hand, it wants to protect its agricultural sector – a policy which almost inevitably necessitates subsidies. On the other hand, it is committed to free trade. It estimates that as much as a third of the country'a GNP is exported.

"Our position may appear paradoxical, but it is not contradictory," says Mr David de Pury, one of the Swiss negotiators at Gatt.

"Our level of self-sufficiency in food production is around 65 per cent – only Hong Kong has a lower figure. All countries want to maintain a degree of ugricuitural self-sufficiency. And if we do subvent agricultural production, it is certainly not so that our farmers can flood the world market with cheap cheese," says Mr de Pury.

"Nevertheless, we live off the international trading system. One in every two francs earned in Switzerland is through export. We cannot afford to lose credibility by moving our agricultural policy in the wrong direction against the trend towards liberalisation," he admits.

Mr de Pury believes that eventually Switzerland will have to freeze agricultural subsidies to meet pressure from Gatt, but adds that some flexibility will have to remain within the system for special cases.

The recognition that subsidies may have to be frozen, or even reduced, has been made easier by increasing domestic concern about the high cost of such policies.

Both consumers and retailers have seemed more reluctant to support high prices. The first wind of revolt appeared in September 1986, when in a referendum Swiss voters refused to support an increase in subsidies for sugar beet production.

Their rejection was motivated by what was perceived as the unacceptable cost of existing subsidies. Merely in direct support, the Federal Government spent SFr 2.4bn in 1988 on farmers.

Bnt Migros, the Zurich-based retailing group, which has been orchestrating the campaign against high prices, argues that taxpayers are being doubly penalised. As consumers, they are also obliged to pay high prices in the shops.

Berne guarantees a wheat price of SFr 105 a quintal, which compares with SFr 40 in the EC and about SFr 12 on the open market

Migros points out that meat, sugar, vegetables and fruit are between two and three times as expensive as on the other side of the frontier in the EC. As u combined result of subsidies and these price levels, the true cost of subventing Swiss agriculture has been estimated at SFr 5bn to SFr 6bn.

The farmers themselves accept that change will occur – even admitting that such u process is more or less natural. However, they argue that peasants will continue to require help in the future. Nevertheless, their arguments have changed in emphasis. Now they stress the need to protect the environment rather than to maintain levels of auto-sufficiency.

"We have another mission besides production," says Mr Jean Savary, president of l'Union Suisse des Paysans. "In the long term, the environment needs protecting – and, one way or another, peasants are the most economic way of doing that."

One method to achieve that objective is through direct payments which are not linked to production – a solution favoured by some members of the Swiss team negotiating at the Uruguay Round.

However, Mr Savary is hostile to such a policy. At least, he is hostile to the words "direct payments" because of the suggestion that peasants might become civil servants. That could be yet another disincentive for young peasants to stay in the countryside.

Mr Savary points out that the peasant sector has already declined as a proportion of the active population from 15 per cent in 1945 to about 6 per cent. There are now only 120,000 peasant farms in the country and only half of those working on them sustain themscives exclusively through agriculture.

"One of the possibilities available is to have payments for helping nature, but that is not going to solve all the problems," says Mr Savary.

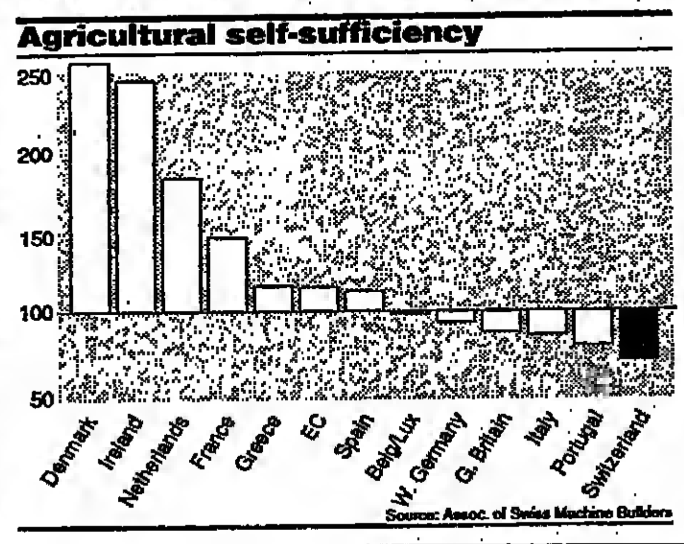
"If we are to keep farmers producing throughout the country – and avoid the deserted villages which now exist in France and Germany – then we have to keep the profession attractive by maintaining financial independence."

Mr Savary believes that this could be achieved through greater concentration on quality products. These could be carefully marketed with clearly differentiated labels as is the case in France.

A review of the position of Swiss agricultural policy in the economy is about to get under way, analysts believe. The outcome of that review, driven by a combination of the declining political power of the peasants together with increasing domestic and international pressures, should mean that the sector is on the threshold of a fundamental period of restructuring.

Paul Abrahams

Agricultural self-sufficiency



Source: Assoc. of Swiss Machine Builders